

ASSEMBLY BILL

No. 655

Introduced by Assembly Member Liu

February 19, 2003

An act to amend Sections 11001, 66010.6, 66021.2, 66022, 66903, 69432.7, 69506.5, 69507.5, 69508, 69515, 69517, 69517.5, 69518, 69532, 69534.1, 69534.4, 69535.5, 69541, 69546, 69546.5, 69561, 69561.5, 69562, 69563, 69613, 69618, 69618.3, 69620, 69622, 69623, 69625, 69626, 69627, 69730, 69731, 69740, 69763.1, 69763.2, 69763.3, 69763.4, 69766, 69769.5, 69951, 69952, 69954, 69958, 69965, 69966, 69967, 69984, 89347, 94155, 94719.5, 94724, 94728.5, 94770, 94771, 94774.5, 94804, 94835, 94846, 94855, 94870, 94874, 94878, 94920, 94930, 94931, 94948, 94965, and 94995 of, to amend the heading of Article 2 (commencing with Section 69510) of Chapter 2 of Part 42 of, to add Sections 66903.5 and 66904 to, to repeal and add Sections 66901 and 69510, to repeal Sections 69511, 69511.5, and 94990 of, to repeal Chapter 3 (commencing with Section 94300) of Part 59 of, and to repeal Article 16 (commencing with Section 94999) of Chapter 7 of Part 59 of, the Education Code, to amend Sections 127929 and 128445 of the Health and Safety Code, to amend Sections 4709 and 4728 of the Labor Code, to amend Section 10340 of the Public Contract Code, to amend Sections 19533 and 19557 of the Revenue and Taxation Code, and to amend Section 5024 of the Vehicle Code, relating to postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

AB 655, as introduced, Liu. Postsecondary education: California Postsecondary Education Commission: Student Aid Commission: Bureau for Private Postsecondary and Vocational Education.

Existing law known as the Donahoe Higher Education Act, sets forth, among other things, the missions and functions of California's public and independent segments of higher education, and their respective institutions of higher education. Among other things, the act establishes the 17-member California Postsecondary Education Commission (CPEC) for, among other purposes, the collection of data pertinent to the planning and coordination of the higher education system of the state.

Existing law establishes the Student Aid Commission as the primary state agency for the administration of state-authorized student financial aid programs available to students attending all segments of postsecondary education. Under existing law, the commission, among other things, administers the Cal Grant Program, the Student Opportunity and Access Program, the Assumption Program of Loans for Education, the Graduate Assumption Program of Loans for Education, the Public Interest Attorney Loan Repayment Program, and the California State Work-Study Program. The Student Aid Commission also oversees the state's participation in the Federal Family Education Loan Program.

Existing law, known as the Private Postsecondary and Vocational Education Reform Act of 1989, generally sets minimum standards of instructional quality, ethical and business practices, health and safety, and fiscal responsibility for private postsecondary and vocational educational institutions, as defined. The act establishes the Bureau for Private Postsecondary and Vocational Education, which, among other things, is required to review and investigate all institutions, programs, and courses of instruction approved under the act. By its own terms, the act is repealed as of January 1, 2005.

This bill would reconstitute CPEC as a 9-member commission as of July 1, 2004. The bill would repeal the statute establishing the Student Aid Commission, and place all of its functions under CPEC's administration. The bill would remove the Bureau of Private Postsecondary and Vocational Education from the Department of Consumer Affairs, and place it and its functions under CPEC's administration. The bill would also delete the January 1, 2005, repeal date for the Private Postsecondary and Vocational Education Reform Act of 1989, thereby extending the existence of the act indefinitely.

The bill would also make numerous technical and conforming changes.



Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. It is the intent of the Legislature to consolidate
2 the program responsibilities of the Student Aid Commission and
3 the Bureau for Private Postsecondary and Vocational Education
4 into the California Postsecondary Education Commission and, in
5 so doing, accomplish all of the following:
6 (a) Reduce unnecessary bureaucracy in the administration of
7 state higher education policy and programs.
8 (b) Streamline, decentralize, and speed the delivery of student
9 financial aid.
10 (c) Coordinate and improve state efforts with regard to student
11 financial aid, regulation of private postsecondary educational
12 institutions, and higher education policy planning and
13 coordination.
14 SEC. 2. Section 11001 of the Education Code is amended to
15 read:
16 11001. (a) The Chancellor of the California State University
17 shall establish an advisory committee to assist in selecting
18 proposals to be funded and developing criteria for project
19 evaluation. The committee shall be composed of the following
20 members:
21 ~~(a)–~~
22 (1) Two certificated secondary ~~school~~ teachers, including at
23 least one junior high or intermediate ~~school~~ teacher, appointed by
24 the Superintendent of Public Instruction.
25 ~~(b)–~~
26 (2) Two certificated secondary school employees with
27 responsibility for curriculum administration, appointed by the
28 Superintendent of Public Instruction.
29 ~~(c)–One~~
30 (3) *Two persons, including one* director of a regional
31 consortium participating in the California Student Opportunity
32 Access Program established pursuant to Chapter 113 of the
33 Statutes of 1978, appointed by the ~~Student Aid~~ *California*
34 *Postsecondary Education* Commission.
35 ~~(d)–~~

(4) Two representatives of the California Community Colleges, to be appointed by the Board of Governors of the California Community Colleges, at least one of whom shall be a faculty member.

~~(e)~~

(5) Two representatives of the California State University, to be appointed by the Chancellor of the California State University, at least one of whom shall be a faculty member.

~~(f)~~

(6) Two representatives of the University of California, appointed by the President of the University of California, at least one of whom shall be a faculty member.

~~(g) One representative, appointed by the Director of the California Postsecondary Education Commission.~~

Faculty appointments

(b) A *faculty appointment* to the advisory committee shall be made by the appropriate appointing authority through consultation with the faculty senate.

SEC. 3. Section 66010.6 of the Education Code is amended to read:

66010.6. ~~The missions of agencies charged with coordination, administration, or implementation of higher education policies and programs in California shall be as follows:~~

(a) The California Postsecondary Education Commission is the statewide postsecondary education coordinating and planning agency. The commission shall serve as a principal fiscal and program advisor to the Governor and the Legislature on postsecondary educational policy. Consistent with Section 66903, the commission's responsibilities shall include, but not *necessarily* be limited to, *all of* the following:

(1) Analysis and recommendations related to long-range planning for public postsecondary education.

(2) Analysis of state policy and programs involving the independent and private postsecondary educational sectors.

(3) Analysis and recommendations related to program and policy review.

(4) Resource analysis.

(5) Maintenance and publication of pertinent public information relating to all aspects of postsecondary education.

~~The~~

1 (6) *Administration of state-authorized student financial aid*
2 *programs available to students attending all segments of*
3 *postsecondary education.*

4 (7) *Maintenance and publication of pertinent public*
5 *information relating to all aspects of postsecondary education.*

6 (8) *Approving and regulating private postsecondary*
7 *educational institutions and developing state policies for private*
8 *postsecondary and vocational education in California.*

9 (b) The commission shall consult with the postsecondary
10 educational segments and with relevant state agencies, including
11 the Student Aid Commission, the Superintendent of Public
12 Instruction, and other relevant parties, in its preparation of
13 analyses and recommendations to the Governor and the
14 Legislature. However, the commission shall remain an
15 independent and nonpartisan body responsible for providing an
16 integrated and segmentally unbiased view for purposes of state
17 policy formulation and evaluation.

18 ~~(b) The California Student Aid Commission is the primary~~
19 ~~state agency for the administration of state-authorized student~~
20 ~~financial aid programs available to students attending all segments~~
21 ~~of postsecondary education. These programs include grant, work~~
22 ~~study, and loan programs supported by the state and the federal~~
23 ~~government.~~

24 ~~Consistent with this responsibility, the Commission shall~~
25 ~~provide, in consultation with the postsecondary education~~
26 ~~segments and relevant state agencies, policy leadership on student~~
27 ~~financial aid issues, evaluate the effectiveness of its programs,~~
28 ~~conduct research and long-range planning as a foundation for~~
29 ~~program improvement, report on total state financial aid needs,~~
30 ~~and disseminate information to students and their families.~~

31 ~~(c) The Council for Private Postsecondary and Vocational~~
32 ~~Education is the primary state agency responsible for approving~~
33 ~~and regulating private postsecondary and vocational educational~~
34 ~~institutions and for developing state policies for private~~
35 ~~postsecondary and vocational education in California. The council~~
36 ~~shall represent the private postsecondary and vocational education~~
37 ~~institutions in all state-level planning and policy discussions about~~
38 ~~postsecondary and vocational education.~~

39 SEC. 4. Section 66021.2 of the Education Code is amended
40 to read:

1 66021.2. Consistent with the state's historic commitment to
2 provide educational opportunity by ensuring both student access
3 to and selection of an institution of higher education for students
4 with financial need, the long-term policy of the
5 Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program
6 established pursuant to Chapter 1.7 (commencing with Section
7 69430) of Part 42 shall be as follows:

8 (a) Commencing with the 2001–02 academic year and every
9 year thereafter, an applicant for a Cal Grant A or B award shall
10 receive an award that is not in excess of the financial need amount
11 determined by the ~~Student Aid~~ *California Postsecondary*
12 *Education* Commission pursuant to Section 69432.9 if he or she
13 complies with all of the following requirements:

14 (1) Demonstrates financial need under the criteria adopted
15 pursuant to Section 69432.9.

16 (2) Attains a grade point average, as defined in Section
17 69432.7, meeting the requirements of Chapter 1.7 (commencing
18 with Section 69430) of Part 42.

19 (3) Complies with each of the eligibility criteria applicable to
20 the type of Cal Grant award for which he or she is applying.

21 (b) (1) The maximum Cal Grant A award for a student
22 attending the University of California or the California State
23 University shall equal the mandatory systemwide fees in each of
24 those segments.

25 (2) The maximum Cal Grant B award for a student to which this
26 subdivision is applicable shall equal the mandatory systemwide
27 fees in the segment attended by the student, except for community
28 college students who receive waivers from the Board of Governors
29 of the California Community Colleges, plus the access award
30 calculated as specified in Article 3 (commencing with Section
31 69435) of Chapter 1.7 of Part 42, except that in the first year of
32 enrollment in a qualifying institution, the maximum award shall
33 be only for the amount of the access award.

34 (c) The maximum Cal Grant awards for students attending
35 nonpublic institutions shall be as follows:

36 (1) The maximum Cal Grant A award shall equal the tuition
37 award level established in the Budget Act of 2000, or the amount
38 as adjusted in subsequent annual budget acts.

39 (2) The maximum Cal Grant B award shall equal the amount
40 of the tuition award as established in the Budget Act of 2000, or

1 the amount as adjusted in subsequent annual budget acts, plus the
2 amount of the access costs specified in Section 69435, except that,
3 in the first year of enrollment in a qualifying institution, the
4 maximum award shall be only for the amount of the access award.

5 (d) Commencing with the 2000–01 academic year, and each
6 academic year thereafter, the Cal Grant C award shall be utilized
7 only for occupational or technical training.

8 (e) Commencing with the 2000–01 academic year, and each
9 academic year thereafter, the Cal Grant T award shall be used only
10 for one academic year of full-time attendance in a program of
11 professional preparation that has been approved by the California
12 Commission on Teacher Credentialing.

13 (f) An institution of higher education in this state that
14 participates in the Ortiz-Pacheco-Poochigian-Vasconcellos Cal
15 Grant Program shall not reduce its level of per capita need-based
16 institutional financial aid to undergraduate students, excluding
17 loans, below the total level awarded in the 2000–01 academic year.

18 (g) The implementation of the policy set forth in this section
19 shall maintain a balance between the state’s policy goals of
20 ensuring student access to and selection of an institution of higher
21 education for students with financial need and academic merit.

22 (h) It is the policy of the State of California that the
23 Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program
24 supplement the federal Pell Grant program.

25 (i) An award under the
26 Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program shall
27 not guarantee admission to an institution of higher education or
28 admission to a specific campus or program.

29 SEC. 5. Section 66022 of the Education Code is amended to
30 read:

31 66022. (a) (1) The governing board of every community
32 college district, the Trustees of the California State University, the
33 Regents of the University of California, and the Board of Directors
34 of the Hastings College of the Law shall adopt regulations
35 providing for the withholding of institutional services from
36 students or former students who have been notified in writing at
37 the student’s or former student’s last known address that he or she
38 is in default on a loan or loans under the Federal Family Education
39 Loan Program.

40 ~~“Default,”~~

(2) “Default,” for purposes of this section, means the failure of a borrower to make an installment payment when due, or to meet other terms of the promissory note under circumstances where the guarantee agency finds it reasonable to conclude that the borrower no longer intends to honor the obligation to repay, provided that this failure persists for 180 days for a loan repayable in monthly installments, or 240 days for a loan repayable in less frequent installments.

(b) The regulations adopted pursuant to subdivision (a) shall provide that the services withheld may be provided during a period when the facts are in dispute or when the student or former student demonstrates to either the governing board of the community college district, the Trustees of the California State University, the Regents of the University of California, or the Board of Directors of the Hastings College of the Law, as appropriate, or to the ~~Student Aid~~ *California Postsecondary Education* Commission, or both the ~~Student Aid~~ *California Postsecondary Education* Commission and the appropriate entity or its designee, that reasonable progress has been made to repay the loan or that there exists a reasonable justification for the delay as determined by the institution. The regulations shall specify the services to be withheld from the student and may include, but are not limited to, the following:

(1) The provision of grades.

(2) The provision of transcripts.

(3) The provision of diplomas.

The adopted regulations shall not include the withholding of registration privileges.

(c) When it has been determined that an individual is in default on a loan or loans specified in subdivision (a), the ~~Student Aid~~ *California Postsecondary Education* Commission shall give notice of the default to all institutions through which that individual acquired the loan or loans.

(d) This section shall not impose any requirement upon the University of California or the Hastings College of the Law unless the Regents of the University of California or the Board of Directors of the Hastings College of the Law, respectively, by resolution, make this section applicable.

(e) Guarantors, or those who act as their agents or act under their control, who provide information to postsecondary

educational institutions pursuant to this section, shall defend, indemnify, and hold harmless the governing board of every community college district, the Trustees of the California State University, the Regents of the University of California, and the Board of Directors of the Hastings College of the Law from action resulting from compliance with this section when the action arises as a result of incorrect, misleading, or untimely information provided to the postsecondary educational institution by the guarantors, their agents, or those acting under the control of the guarantors.

SEC. 6. Section 66901 of the Education Code is repealed.

~~66901. There is hereby created the California Postsecondary Education Commission, which shall be advisory to the Governor, the Legislature, other appropriate governmental officials, and institutions of postsecondary education. The commission shall be composed of the following members:~~

~~(a) One representative of the Regents of the University of California designated by the regents, one representative of the Trustees of the California State University designated by the trustees, and one representative of the Board of Governors of the California Community Colleges designated by the board. Representatives of the regents, the trustees, and the board of governors shall be chosen from among the appointed members of their respective boards, but in no instance shall an ex officio member of a governing board serve on the commission.~~

~~(b) One representative of the independent California colleges and universities that are formed and operated as nonprofit corporations in this state and are accredited by a regional association that is recognized by the United States Department of Education. This member shall be appointed by the Governor from a list or lists submitted by an association or associations of those institutions.~~

~~(c) The chair or the designee of the chair of the Council for Private Postsecondary and Vocational Education.~~

~~(d) The President of the State Board of Education or his or her designee from among the other members of the board.~~

~~(e) Nine representatives of the general public appointed as follows: three by the Governor, three by the Senate Rules Committee, and three by the Speaker of the Assembly. It is the intent of the Legislature that the commission be broadly and~~

1 equitably representative of the general public in the appointment
2 of its public members and that the appointing authorities,
3 therefore, shall confer to assure that their combined appointments
4 include adequate representation on the basis of sex and on the basis
5 of the significant racial, ethnic, and economic groups in the state.

6 (f) ~~Two student representatives, each of whom shall be enrolled
7 at a California postsecondary education institution at the time of
8 appointment and during the term of service, except that a student
9 member who graduates from an institution with no more than six
10 months of his or her term remaining shall be permitted to serve for
11 the remainder of the term. The Governor shall appoint the student
12 members from persons nominated by the appropriate student
13 organizations of each of the postsecondary education segments.
14 For each student member of the commission, the appropriate
15 student organization may submit a list of nominees. The list shall
16 specify not less than three and not more than five nominees. The
17 appropriate student organization for each segment shall be a
18 composite group of at least five representative student government
19 associations, as determined by the commission.~~

20 (g) ~~The student member appointed to the commission shall not
21 be enrolled in the same segment as the outgoing student member
22 or in the same segment of the other sitting student member.~~

23 (h) ~~No person who is employed by any institution of public or
24 private postsecondary education shall be appointed to or serve on
25 the commission, except that a person who is not a permanent,
26 full-time employee and who has part-time teaching duties that do
27 not exceed six hours per week may be appointed to and serve on
28 the commission.~~

29 ~~The commission members designated in subdivisions (a), (c),
30 and (d) shall serve at the pleasure of their respective appointing
31 authorities. The member designated in subdivision (b) shall serve
32 a three-year term. The members designated in subdivision (c) shall
33 each serve a six-year term. The members designated in subdivision
34 (f) shall each serve a two-year term. The respective appointing
35 authority may appoint an alternate for each member who may,
36 during the member's absence, serve on the commission and vote
37 on matters before the commission. When vacancies occur prior to
38 expiration of terms, the respective appointing authority may
39 appoint a member for the remainder of the term.~~

1 ~~Any person appointed pursuant to this section may be~~
2 ~~reappointed to serve additional terms.~~

3 ~~All terms subsequent to the initial appointments, which became~~
4 ~~effective on January 10, 1974, shall begin on January 1 of the year~~
5 ~~in which the respective terms are to start.~~

6 ~~Any person appointed pursuant to this section who no longer has~~
7 ~~the position that made him or her eligible for appointment may~~
8 ~~nonetheless complete his or her term of office on the commission.~~

9 ~~No person appointed pursuant to this section shall, with respect~~
10 ~~to any matter before the commission, vote for or on behalf of, or~~
11 ~~in any way exercise the vote of, any other member of the~~
12 ~~commission.~~

13 ~~The commission shall meet as often as it deems necessary to~~
14 ~~carry out its duties and responsibilities.~~

15 ~~Any member of the commission who in any calendar year~~
16 ~~misses more than one-third of the meetings of the full commission~~
17 ~~forfeits his or her office, thereby creating a vacancy.~~

18 ~~The commission shall select a chair from among the members~~
19 ~~representing the general public. The chair shall hold office for a~~
20 ~~term of one year and may be selected to successive terms.~~

21 ~~There is established an advisory committee to the commission~~
22 ~~and the director, consisting of the chief executive officers of each~~
23 ~~of the public segments, or their designees, the Superintendent of~~
24 ~~Public Instruction or his or her designee, and an executive officer~~
25 ~~from each of the groups of institutions designated in subdivisions~~
26 ~~(b) and (c) to be designated by the respective commission~~
27 ~~representative from these groups. Commission meeting agenda~~
28 ~~items and associated documents shall be provided to the~~
29 ~~committee in a timely manner for its consideration and comments.~~

30 ~~The commission may appoint any subcommittees or advisory~~
31 ~~committees it deems necessary to advise the commission on~~
32 ~~matters of educational policy. The advisory committees may~~
33 ~~consist of commission members or nonmembers, or both,~~
34 ~~including students, faculty members, segmental representatives,~~
35 ~~governmental representatives, and representatives of the public.~~

36 ~~The commission shall appoint and may remove a director in the~~
37 ~~manner hereafter specified. The director shall appoint persons to~~
38 ~~any staff positions the commission may authorize.~~

~~The commission shall prescribe rules for the transaction of its own affairs, subject, however, to all the following requirements and limitations:~~

~~(1) The votes of all representatives shall be recorded.~~

~~(2) Effective action shall require the affirmative vote of a majority of all the duly appointed members of the commission, not including vacant commission seats.~~

~~(3) The affirmative votes of two-thirds of all the duly appointed members of the commission, not including vacant commission seats, shall be necessary to the appointment of the director.~~

SEC. 7. Section 66901 is added to the Education Code, to read:

66901. (a) The California Postsecondary Education Commission is hereby established with nine members, to be appointed as follows:

(1) Five members shall be appointed by, and serve at the pleasure of, the Governor.

(2) Two members shall be appointed by, and serve at the pleasure of, the Senate Rules Committee.

(3) Two members shall be appointed by, and serve at the pleasure of, the Speaker of the Assembly.

(b) The commission shall choose a chairperson from among its members.

(c) The commission may meet as often as it deems necessary to carry out its duties and responsibilities.

(d) The membership of the commission appointed pursuant to this section shall assume its duties as of July 1, 2004.

SEC. 8. Section 66903 of the Education Code is amended to read:

66903. The commission has the following functions and responsibilities~~in~~:

(a) In its capacity as the statewide postsecondary education planning and coordinating agency and adviser to the Legislature and the Governor:

~~(a) It shall require, the commission shall do all of the following:~~

(1) Require the governing boards of the segments of public postsecondary education to develop and submit to the commission institutional and systemwide long-range plans in a form determined by the commission after consultation with the segments.

1 ~~(b) It shall prepare~~
2 (2) *Prepare a five-year state plan for postsecondary education*
3 *that shall integrate the planning efforts of the public segments with*
4 *other pertinent plans. The commission shall seek to resolve*
5 *conflicts or inconsistencies among segmental plans in consultation*
6 *with the segments. If these consultations are unsuccessful, the*
7 *commission shall report the unresolved issues to the Legislature*
8 *with recommendations for resolution. In developing the plan, the*
9 *commission shall consider at least the following factors:*
10 ~~(1)–~~
11 (A) The need for, and location of, new facilities.
12 ~~(2)–~~
13 (B) The range and kinds of programs appropriate to each
14 institution or system.
15 ~~(3)–~~
16 (C) The budgetary priorities of the institutions and systems of
17 postsecondary education.
18 ~~(4)–~~
19 (D) The impact of various types and levels of student charges
20 on students and on postsecondary education programs and
21 institutions.
22 ~~(5) The appropriate~~
23 (E) *Appropriate* levels of state-funded student financial aid.
24 ~~(6) The access~~
25 (F) *Access* and admission of students to postsecondary
26 education.
27 ~~(7)–~~
28 ~~(H) The educational programs and resources of independent~~
29 ~~and private postsecondary institutions.~~
30 ~~(8) The provisions of this division differentiating the functions~~
31 ~~of the public systems of higher education.~~
32 ~~(c) It shall update the plan periodically, as appropriate~~
33 (3) *Update the state plan every third year.*
34 ~~(d) It shall participate~~
35 (4) *Participate* in appropriate stages of the executive and the
36 legislative budget processes as requested by the executive and the
37 legislative branches, and shall advise the executive and the
38 legislative branches as to whether segmental programmatic
39 budgetary requests are compatible with the state plan higher

1 *education funding recommendations.* It is not intended that the
2 commission hold independent budget hearings.

3 ~~(e) It shall advise~~

4 (5) *Advise* the Legislature and the Governor regarding the need
5 for, and location of, new institutions and campuses of public
6 higher education.

7 ~~(f) It shall review~~

8 (6) *Review* proposals by the public segments for new programs;
9 ~~the priorities that guide them, and the degree of coordination with~~
10 ~~nearby public, independent, and private postsecondary~~
11 ~~educational institutions, and shall make recommendations~~
12 ~~regarding those proposals to the Legislature and the Governor.~~

13 ~~(g) In consultation with the public segments, it shall establish~~
14 ~~a schedule for segmental review of selected educational programs,~~
15 ~~evaluate the program approval, review, and disestablishment~~
16 ~~processes of the segments, and report its findings and~~
17 ~~recommendations to the Legislature and the Governor.~~

18 ~~(h) It shall serve as a stimulus to the segments and institutions~~
19 ~~of postsecondary education by projecting and identifying societal~~
20 ~~and educational needs and encouraging adaptability to change.~~

21 ~~(i) It shall periodically collect~~

22 (7) *Collect* or conduct, or both collect and conduct, studies of
23 projected manpower supply and demand, in cooperation with
24 appropriate state agencies, and disseminate the results of those
25 studies to institutions of postsecondary education and to the public
26 in order to improve the information base upon which student
27 choices are made.

28 ~~(j) It shall periodically review and make recommendations~~
29 ~~concerning the need for, and availability of, postsecondary~~
30 ~~programs for adult and continuing education.~~

31 ~~(k) It shall develop criteria for evaluating the effectiveness of~~
32 ~~all aspects of postsecondary education.~~

33 ~~(l) It shall maintain and update annually an inventory of all~~
34 ~~off-campus programs and facilities for education, research, and~~
35 ~~community services operated by public and independent~~
36 ~~institutions of postsecondary education.~~

37 ~~(m) (1) It shall act~~

38 (8) *Act* as a clearinghouse for postsecondary education
39 information and as a primary source of information for the
40 Legislature, the Governor, and other agencies. ~~It shall, and~~

1 develop and maintain a comprehensive ~~data base~~ *database* that
2 ~~does all of the following:~~

3 ~~(A) Ensures ensures~~ comparability of data from diverse
4 sources.

5 ~~(B) Supports~~ longitudinal studies of individual students as they
6 ~~progress through the state's postsecondary educational~~
7 ~~institutions, based upon the commission's existing student data~~
8 ~~base through the use of a unique student identifier.~~

9 ~~(C) Is compatible with the California School Information~~
10 ~~System and the student information systems developed and~~
11 ~~maintained by the public segments of higher education, as~~
12 ~~appropriate.~~

13 ~~(D) Provides Internet access to data, as appropriate, to the~~
14 ~~sectors of higher education.~~

15 ~~(E) Provides each of the educational segments access to the~~
16 ~~data made available to the commission for the purposes of the data~~
17 ~~base, in order to support, most efficiently and effectively,~~
18 ~~statewide, segmental, and individual campus educational research~~
19 ~~information needs.~~

20 ~~(2) The commission, in implementing paragraph (1), shall~~
21 ~~comply with the federal Family Educational Rights and Privacy~~
22 ~~Act of 1974 (20 U.S.C. Sec. 1232g) relating to the disclosure of~~
23 ~~personally identifiable information concerning students.~~

24 ~~(3) The commission may not make available any personally~~
25 ~~identifiable information received from a postsecondary~~
26 ~~educational institution concerning students for any regulatory~~
27 ~~purpose unless the institution has authorized the commission to~~
28 ~~provide that information on behalf of the institution.~~

29 ~~(4) The commission shall provide 30-day notification to the~~
30 ~~chairpersons of the appropriate legislative policy and budget~~
31 ~~committees of the Legislature, to the Director of Finance, and to~~
32 ~~the Governor prior to making any significant changes to the~~
33 ~~student information contained in the data base.~~

34 ~~(n) It shall establish criteria for state support of new and~~
35 ~~existing programs, in consultation with the public segments, the~~
36 ~~Department of Finance, and the Joint Legislative Budget~~
37 ~~Committee.~~

38 ~~(o) It shall comply with the appropriate provisions of the~~
39 ~~federal Education Amendments of 1972 (P.L. 92-318), as~~
40 ~~specified in Section 67000.~~

~~(p) It shall consider the relationship among academic education and vocational education and job training programs, and shall actively consult with representatives of public and private education.~~

~~(q) It shall review~~

~~(9) Review all proposals for changes in eligibility pools for admission to public institutions and segments of postsecondary education, and shall make recommendations to the Legislature, the Governor, and institutions of postsecondary education. In carrying out this subdivision, the commission periodically shall conduct a study of the percentages of California public high school graduates estimated to be eligible for admission to the University of California and the California State University. The changes made to this subdivision during the 2001-02 Regular Session of the Legislature shall be implemented only during those fiscal years for which funding is provided for the purposes of those provisions in the annual Budget Act or in another measure.~~

~~(r) It shall report periodically to the Legislature and the Governor regarding the financial conditions of independent institutions, their enrollment and application figures, the number of student spaces available, and the respective cost of utilizing those spaces as compared to providing additional public spaces. The reports shall include recommendations concerning state policies and programs having a significant impact on independent institutions.~~

~~(s)~~

~~(10) Upon request of the Legislature or the Governor, it shall submit to the Legislature and the Governor a report on all matters so requested that are compatible with its role as the statewide postsecondary education planning and coordinating agency. Upon request of individual Members of the Legislature or personnel in the executive branch, the commission shall submit information or a report on any matter to the extent that sufficient resources are available. From~~ *The commission may, from time to time, it also* ~~may~~ submit to the Legislature and the Governor a report that contains recommendations as to necessary or desirable changes, if any, in the functions, policies, and programs of the several segments of public, ~~independent~~, and private postsecondary education.

~~(t) In consultation with the public segments, it shall consider the development of facilities to be used by more than one segment of public higher education, commonly called “joint-use facilities.” It shall recommend to the Legislature criteria and processes for different segments to utilize bond funds for these intersegmental, joint-use facilities.~~

~~(u) It may undertake~~

(11) Undertake other functions and responsibilities that are compatible with its role as the statewide postsecondary education planning and coordinating agency.

(b) (1) The commission shall administer state-authorized student financial aid programs pursuant to Chapter 2 (commencing with Section 69500) of Part 42. Whenever, by the provisions of any act of Congress, a program of scholarships or grants or other aid for undergraduate students is established that permits administration of the program within a state by a state agency, the commission shall administer the act within the state if the Governor and the commission, by a majority vote of its entire membership, determine that the participation by the state in the federal program under the act would not interfere with or jeopardize the continuation of the Cal Grant program established in Chapter 1.7 (commencing with Section 69430) of Part 42.

(2) The commission shall constitute the state commission on federal scholarships or grants and may formulate a plan for development and administration of any federal scholarship or grant program within the state. Subject to Chapter 2 (commencing with Section 69500) of Part 42, the commission is hereby vested with all necessary power and authority to cooperate with the government of the United States, or any agency or agencies thereof, in the administration of any act of Congress establishing a scholarship or grant program and the rules and regulations adopted thereunder. Before adopting a state plan, the commission, acting as the state commission on federal scholarships or grants, shall hold public hearings as provided by the Administrative Procedure Act.

(c) (1) The commission shall approve and regulate private postsecondary educational institutions and develop state policies for private postsecondary and vocational institutions pursuant to Chapter 7 (commencing with Section 94700) of Part 59.

1 (2) *It is the intent of the Legislature that the commission's*
2 *responsibilities under this subdivision be funded solely through*
3 *approval fees and federal funding provided to implement the*
4 *approval process for courses offered to veterans by vocational and*
5 *degree granting institutions.*

6 SEC. 9. Section 66903.5 is added to the Education Code, to
7 read:

8 66903.5. (a) There is established an advisory committee to
9 the commission and the director, consisting of the chief executive
10 officers of each of the public segments, or their designees, the
11 Superintendent of Public Instruction or his or her designee, an
12 executive officer of an independent college or university, and an
13 executive officer of a private postsecondary educational
14 institution. Commission meeting agenda items and associated
15 documents shall be provided to the committee in a timely manner
16 for its consideration and comments.

17 (b) (1) There is established an advisory committee to the
18 commission and the director, consisting of the following:

19 (A) One representative from each of the following: the Board
20 of Cosmetology, the Board of Barber Examiners, the Board of
21 Vocational Nurse and Psychiatric Technician Examiners, the
22 Board of Behavioral Science Examiners, the California
23 Committee of Bar Examiners, and the Commissioner of Real
24 Estate.

25 (B) Three representatives from private degree granting
26 institutions approved under Article 8 (commencing with Section
27 94900) of Chapter 7 of Part 59 and three representatives from
28 vocational institutions approved under Article 9 (commencing
29 with Section 949151) of Chapter 7 of Part 59.

30 (2) Commission meeting agenda items and associated
31 documents relevant to private postsecondary and vocational
32 educational institutions shall be provided to the committee in a
33 timely manner for its consideration and comments.

34 (c) The commission may appoint any subcommittee or
35 advisory committees it deems necessary to advise the commission
36 on matters of educational policy. The advisory committees may
37 consist of commission members or nonmembers, or both,
38 including students, faculty members, segmental representatives,
39 governmental representatives, and representatives of the public.

SEC. 10. Section 66904 is added to the Education Code, to read:

66904. The California Postsecondary Education Commission shall succeed to the powers, duties, functions, and obligations of the Student Aid Commission, and the Bureau for Private Postsecondary and Vocational Education, commencing on January 1, 2004. On or before that date, the Private Postsecondary and Vocational Education Administration Fund, the Student Tuition Recovery Fund, and all ongoing projects, information and files maintained by the Student Aid Commission and the Bureau for Private Postsecondary and Vocational Education shall be transferred to the California Postsecondary Education Commission. All state civil service employees carrying out functions transferred to the California Postsecondary Education Commission shall be transferred on January 1, 2004.

SEC. 11. Section 69432.7 of the Education Code is amended to read:

69432.7. As used in this chapter, the following terms have the following meanings:

(a) An “academic year” is July 1 to June 30, inclusive. The starting date of a session shall determine the academic year in which it is included.

(b) “Access costs” means living expenses and expenses for transportation, supplies, and books.

(c) “Award year” means one academic year, or the equivalent, of attendance at a qualifying institution.

(d) “College grade point average” and “community college grade point average” mean a grade point average calculated on the basis of all college work completed, except for nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree.

(e) “Commission” means the ~~Student Aid~~ California Postsecondary Education Commission.

(f) “Enrollment status” means part-time status or full-time status.

(1) Part time, for purposes of Cal Grant eligibility, is defined as 6 to 11 semester units, inclusive, or the equivalent.

(2) Full time, for purposes of Cal Grant eligibility, is defined as 12 or more semester units or the equivalent.

(g) “Expected family contribution,” with respect to an applicant, shall be determined using the federal methodology pursuant to subdivision (a) of Section 69506 (as established by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1070 et seq.)) and applicable rules and regulations adopted by the commission.

(h) “High school grade point average” means a grade point average calculated on a 4.0 scale, using all academic coursework, for the sophomore year, the summer following the sophomore year, the junior year, and the summer following the junior year, excluding physical education, reserve officer training corps (ROTC), and remedial courses, and computed pursuant to regulations of the commission. However, for high school graduates who apply after their senior year, “high school grade point average” includes senior year coursework.

(i) “Instructional program of not less than one academic year” means a program of study that results in the award of an associate or baccalaureate degree or certificate requiring at least 24 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program.

(j) “Instructional program of not less than two academic years” means a program of study that results in the award of an associate or baccalaureate degree requiring at least 48 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program.

(k) “Maximum household income and asset levels” means the applicable household income and household asset levels for participants in the Cal Grant Program, as defined and adopted in regulations by the commission for the 2001–02 academic year, which shall be set pursuant to the following income and asset ceiling amounts:

CAL GRANT PROGRAM INCOME CEILINGS

	Cal Grant A, C, and T	Cal Grant B
Dependent and Independent students with dependents*		
Family Size		
Six or more	\$74,100	\$40,700

Five	\$68,700	\$37,700
Four	\$64,100	\$33,700
Three	\$59,000	\$30,300
Two	\$57,600	\$26,900
Independent		
Single, no dependents	\$23,500	\$23,500
Married	\$26,900	\$26,900

*Applies to independent students with dependents other than a spouse.

CAL GRANT PROGRAM ASSET CEILINGS

	Cal Grant A, C, and T	Cal Grant B
Dependent**	\$49,600	\$49,600
Independent	\$23,600	\$23,600

**Applies to independent students with dependents other than a spouse.

The commission shall annually adjust the maximum household income and asset levels based on the percentage change in the cost of living within the meaning of paragraph (1) of subdivision (e) of Section 8 of Article XIII B of the California Constitution.

(l) “Qualifying institution” means any of the following:

(1) Any California private or independent postsecondary educational institution that participates in the Pell Grant program and in at least two of the following federal campus-based student aid programs:

(A) Federal Work-Study.

(B) Perkins Loan Program.

(C) Supplemental Educational Opportunity Grant Program.

(2) Any nonprofit institution headquartered and operating in California that certifies to the commission that 10 percent of the institution’s operating budget, as demonstrated in an audited financial statement, is expended for the purposes of institutionally funded student financial aid in the form of grants, that demonstrates to the commission that it has the administrative capacity to administer the funds, that is accredited by the Western Association of Schools and Colleges, and that meets any other state-required criteria adopted by regulation by the commission in

1 consultation with the Department of Finance. A regionally
2 accredited institution that was deemed qualified by the
3 commission to participate in the Cal Grant Program for the
4 2000–01 academic year shall retain its eligibility as long as it
5 maintains its existing accreditation status.

6 (3) Any California public postsecondary educational
7 institution.

8 (m) “Satisfactory academic progress” means those criteria
9 required by applicable federal standards published in Title 34 of
10 the Code of Federal Regulations. The commission may adopt
11 regulations defining “satisfactory academic progress” in a
12 manner that is consistent with those federal standards.

13 SEC. 12. Section 69506.5 of the Education Code is amended
14 to read:

15 69506.5. Notwithstanding Section 69506, the ~~Student Aid~~
16 *California Postsecondary Education* Commission may, whenever
17 it is determined to be in the best interest of the state, develop and
18 adopt regulations that modify the methodology set forth in federal
19 law or regulation for determining the expected family contribution
20 of students seeking any state-funded financial assistance or the
21 federal definition for establishing the dependent and independent
22 status of students seeking any state-funded financial assistance. It
23 is the Legislature’s intent that these regulations promote
24 consistency between federal and state standards, encourage the
25 maximum contribution from parents while being sensitive to
26 individual student financial and personal circumstances, and
27 encourage a simple financial aid application process.

28 (a) The regulations developed pursuant to this section shall be
29 adopted as ~~Student Aid~~ *California Postsecondary Education*
30 Commission regulations in accordance with the provisions of
31 Chapter 3.5 (commencing with Section 11340) of Part 1 of
32 Division 3 of Title 2 of the Government Code.

33 (b) Prior to adopting or amending regulations pursuant to this
34 section, the commission shall conduct, and make public, a full
35 analysis which includes at least an examination and explanation of
36 the cost of the change, the effect on student applicant and recipient
37 eligibility and award levels, and the effects of implementing the
38 criteria on those programs administered by the commission.

39 (c) Not later than July 1 of the year following any modifications
40 to the methodology for determining expected family contribution

1 or the federal definition of student dependence or independence
2 made pursuant to this section, the commission shall report to the
3 Governor and the Legislature the impact of the changes on those
4 programs administered by the commission.

5 SEC. 13. Section 69507.5 of the Education Code is amended
6 to read:

7 69507.5. (a) Except as provided in subdivision (b), no
8 student shall receive a grant or fellowship administered by the
9 ~~Student Aid California Postsecondary Education~~ Commission if
10 he or she has previously defaulted on any student loan, or has failed
11 to repay a federal or state student grant where required to do so.

12 (b) If a student has made satisfactory arrangements to repay a
13 default on a previous student loan, or to repay grant funds where
14 required to do so, the student may be eligible to receive a grant or
15 fellowship administered by the Student Aid Commission.

16 SEC. 14. Section 69508 of the Education Code is amended to
17 read:

18 69508. When federal regulations defining the financial
19 independence of students are altered, the ~~Student Aid California~~
20 ~~Postsecondary Education~~ Commission shall as soon as possible,
21 report to the Legislature on what changes are necessary to conform
22 this article to federal standards.

23 SEC. 15. The heading of Article 2 (commencing with Section
24 69510) of Chapter 2 of Part 42 of the Education Code is amended
25 to read:

26
27 Article 2. The ~~Student Aid California Postsecondary~~
28 ~~Education~~ Commission

29 SEC. 16. Section 69510 of the Education Code is repealed.

30 ~~69510. The Student Aid Commission shall be composed of~~
31 ~~the following 15 members:~~

32 ~~(a) One representative from public, proprietary, or nonprofit~~
33 ~~postsecondary schools located in California.~~

34 ~~(b) One representative from a California independent college~~
35 ~~or university.~~

36 ~~(c) One representative each from the University of California,~~
37 ~~the California State University, and the California Community~~
38 ~~Colleges.~~

39 ~~(d) Two members each of whom shall be a student enrolled in~~
40 ~~a California postsecondary educational institution at the time of~~

~~1 appointment, and shall be enrolled in a California postsecondary~~
~~2 educational institution for the duration of the term. A student~~
~~3 member who graduates from an institution with no more than six~~
~~4 months of his or her term remaining shall be permitted to serve for~~
~~5 the remainder of the term.~~

~~6 (e) Three public members.~~

~~7 (f) One representative from a California secondary school.~~

~~8 (g) Two representatives appointed by the Senate Rules~~
~~9 Committee.~~

~~10 (h) Two representatives appointed by the Speaker of the~~
~~11 Assembly.~~

12 SEC. 17. Section 69510 is added to the Education Code, to
13 read:

14 69510. (a) The California Postsecondary Education
15 Commission shall do all of the following:

16 (1) Report, on or before April 1 of each year, statistical data
17 examining the impact and effectiveness of state-funded student
18 financial aid programs. The commission shall utilize common
19 criteria in determining the impact of these programs and shall have
20 the authority to obtain any data from postsecondary educational
21 institutions necessary for the reports.

22 (2) Collect and disseminate data concerning the financial
23 resources and needs of students and potential students, and the
24 scope and impact of existing state, federal, and institutional
25 student aid programs.

26 (3) Report, on or before April 1 of each year, the aggregate
27 financial need of individuals seeking access to postsecondary
28 education and the degree to which current student aid programs
29 meet this legitimate financial need.

30 (4) Develop and report annually the distribution of funds and
31 awards among income groups, ethnic groups, grade point average
32 levels, and postsecondary education segments.

33 (5) Prepare and disseminate information regarding the criteria
34 utilized in distributing available student aid funds.

35 (b) The commission may expend funds for the purpose of
36 disseminating information about all institutional, state, and federal
37 student aid programs to potential applicants. This distribution of
38 information shall primarily focus on potential applicants with the
39 greatest financial need.

40 SEC. 18. Section 69511 of the Education Code is repealed.

1 ~~69511. (a) Except as provided in subdivision (b), each~~
2 ~~member of the commission shall have a four-year term; provided,~~
3 ~~that members appointed pursuant to subdivision (d) of Section~~
4 ~~69510 shall have terms of two academic years.~~

5 ~~(b) The term of one member appointed pursuant to subdivision~~
6 ~~(g) of Section 69510 and the term of one member appointed~~
7 ~~pursuant to subdivision (h) of Section 69510, effective January 1,~~
8 ~~1991, shall be for five years. Each subsequent term for members~~
9 ~~appointed pursuant to this subdivision shall be for four years.~~

10 ~~(c) At no time shall both student representatives be enrolled in~~
11 ~~the same segment of postsecondary education in California. For~~
12 ~~purposes of this subdivision, each postsecondary education~~
13 ~~program listed in subdivisions (a), (b), and (c) of Section 69510 is~~
14 ~~a segment of postsecondary education in California.~~

15 ~~(d) Appointment to the commission of members appointed~~
16 ~~pursuant to subdivisions (a) to (f), inclusive, of Section 69510~~
17 ~~shall be made by the Governor subject to confirmation by the~~
18 ~~Senate.~~

19 ~~(e) Any vacancy shall be filled by the appointment of a person~~
20 ~~who will have the same status as the predecessor of the appointee.~~
21 ~~The appointee shall hold office only for the balance of the~~
22 ~~unexpired term.~~

23 ~~(f) Each member of the commission shall receive a stipend of~~
24 ~~one hundred dollars (\$100) for each day in which he or she attends~~
25 ~~any meeting of the commission or any meeting of any committee~~
26 ~~or subcommittee of the commission, of which committee or~~
27 ~~subcommittee he or she is a member, and which committee or~~
28 ~~subcommittee meeting is conducted for the purpose of carrying~~
29 ~~out the powers and duties of the commission. In addition, each~~
30 ~~member shall receive his or her actual and necessary traveling~~
31 ~~expenses incurred in the course of his or her duties.~~

32 ~~(g) Whenever by the provisions of any act of Congress a~~
33 ~~program of scholarships or grants for undergraduate students is~~
34 ~~established which permits administration of the program within a~~
35 ~~state by a state agency, the Student Aid Commission, as established~~
36 ~~by Section 69510, shall administer the act within the state if the~~
37 ~~Governor and the Student Aid Commission, by a majority vote of~~
38 ~~its entire membership, determine that the participation by the state~~
39 ~~in the federal scholarship or grant program under the act would not~~

~~interfere with or jeopardize the continuation of the scholarship program established under Sections 69530 to 69547, inclusive.~~

~~The commission shall constitute the state commission on federal scholarships or grants and is hereby empowered to formulate a plan for development and administration of any such federal scholarship or grant program within the state.~~

~~Subject to the provisions of this chapter, the commission is hereby vested with all necessary power and authority to cooperate with the government of the United States, or any agency or agencies thereof, in the administration of any act of Congress establishing a scholarship or grant program and the rules and regulations adopted thereunder.~~

~~Before adopting a state plan, the Student Aid Commission, acting as the state commission on federal scholarships or grants, shall hold public hearings as provided in the California Administrative Procedure Act.~~

SEC. 19. Section 69511.5 of the Education Code is repealed.

~~69511.5.—(a) Notwithstanding Section 69511, the Governor shall appoint each student member of the Student Aid Commission pursuant to subdivision (d) of Section 69510 from the persons nominated in accordance with the provisions of subdivision (b).~~

~~(b) For each student member of the commission, the appropriate student organization may submit a list of nominees. The list shall specify not less than three and not more than five nominees. The appropriate student organization for each segment shall be a composite group of at least five representative student government associations, as determined by the commission.~~

~~(c) The student member appointed to the commission shall not be enrolled in the same segment as the outgoing student member or in the same segment of the other sitting student member.~~

~~(d) Participating student organizations designated in subdivision (b) shall inform students within their respective segment of pending student vacancies on the commission.~~

~~(e) The person appointed as a student member of the Student Aid Commission pursuant to this section shall be subject to confirmation by the Senate as required in subdivision (d) of Section 69511.~~

SEC. 20. Section 69515 of the Education Code is amended to read:

69515. As used in this division, “commission” means the ~~Student Aid~~ *California Postsecondary Education* Commission created by this article.

SEC. 21. Section 69517 of the Education Code is amended to read:

69517. (a) The ~~Student Aid Commission~~ *commission*, in consultation with an advisory committee of students and representatives of postsecondary institutions, may make adjustments to award selection procedures and selection criteria. In determining adjustments, the commission shall consider at least all of the following factors:

(1) The impact of the adjustments on the distribution of funds and awards among income groups, ethnic groups, and grade point average levels.

(2) The impact of the adjustments on the distribution of funds and awards among postsecondary education segments.

(3) The costs of implementing proposed adjustments.

(4) The availability of financial aid from other sources for students who qualify for an award.

(b) The commission may also consider the impact of inflation in the proposed adjustments pursuant to subdivision (a).

(c) In proposing changes to the procedures and criteria for award selection that would result in a substantive change in the recipient population, the commission shall submit the proposed changes for public review and comment in accordance with procedures established in Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

SEC. 22. Section 69517.5 of the Education Code is amended to read:

69517.5. The ~~Student Aid Commission~~ *commission* shall, with the assistance of the Attorney General’s office, seek refunds on any awards to students in this chapter which resulted from the student or his or her parents, or both, reporting information concerning their status incorrectly, with the incorrect information leading to the establishment of the student’s financial eligibility to receive an award.

SEC. 23. Section 69518 of the Education Code is amended to read:

69518. (a) By September 15 of each fiscal year, the ~~Student Aid Commission~~ *commission* shall submit budget change

1 proposals to the Department of Finance for inclusion in the
2 Governor's Budget prepared pursuant to Section 12 of Article IV
3 of the California Constitution.

4 (b) The budget change proposals submitted pursuant to
5 subdivision (a) shall include, but not be limited to, an analysis of
6 the impact of any proposed adjustments in the distribution of funds
7 and awards.

8 (c) Any supporting materials prepared for the Student Aid
9 Commission's consideration and public review and comment
10 pursuant to this section, including, when it becomes available, data
11 pertaining to the impact of any proposed adjustments on the
12 distribution of funds and awards among income groups, ethnic
13 groups, grade point average levels, and postsecondary education
14 segments, shall be incorporated within the expenditure plan.

15 (d) If the ~~Student Aid Commission~~ *commission* proposes, in its
16 budget change proposals, adjustments to the maximum grant,
17 number of grants, and the income ceiling for grant awards made
18 pursuant to Section 69532, at least the following factors shall be
19 considered in determining the appropriate adjustments:

20 (1) The impact of inflation.

21 (2) The availability of financial aid from other sources for
22 students who would qualify for a grant award.

23 (3) Any changes in the level of educational support provided to
24 students at public colleges and universities in the state.

25 (4) The impact of proposed adjustments in the maximum grant
26 and in the income ceiling upon the utilization of public and private
27 postsecondary educational institutions.

28 (5) The number of applicants eligible to receive an award in the
29 previous year who did not receive an award in the previous year.

30 SEC. 24. Section 69532 of the Education Code is amended to
31 read:

32 69532. Cal Grant Program awards shall be known as "Cal
33 Grant A awards," "Cal Grant B awards," "Cal Grant C awards,"
34 and "Cal Grant T awards." The maximum award in each category
35 shall be determined in the annual Budget Act.

36 (a) Cal Grant A awards shall be used only for tuition and
37 student fees in an instructional program of no less than two
38 academic years. Commencing as soon as feasible, but no later than
39 the award cycle that provides awards for the 1999–2000 academic
40 year, the eligibility criteria for first-time Cal Grant award

recipients who are community college students and transfer to a four-year college or university shall be no more stringent than the eligibility criteria for other first-time Cal Grant award recipients attending a four-year college or university.

(b) Cal Grant B awards shall be used only for tuition, student fees, and subsistence costs in an instructional program of no less than one academic year. Subsistence costs are living expenses, transportation, supplies, and books. Commencing as soon as feasible, but no later than the award cycle that provides awards for the 1999–2000 academic year, the eligibility criteria for first-time Cal Grant award recipients who are community college students and transfer to a four-year college or university shall be no more stringent than the eligibility criteria for other first-time Cal Grant award recipients attending a four-year college or university.

(c) Cal Grant C awards shall be used only for occupational or technical training in a course of no less than four months. There shall be a minimum of 1,570 new Cal Grant C awards each year.

(d) Cal Grant T awards shall be used only for tuition and student fees for a maximum of one academic year of full-time attendance in a program of professional preparation that has been approved by the Commission on Teacher Credentialing. There shall be a minimum of 3,000 new Cal Grant T awards each year. As a condition of receiving a Cal Grant T award, a recipient shall teach for one year in a low-performing school as defined in subdivision (c) of Section 44765 for each two thousand dollar (\$2,000) incentive provided pursuant to Section 69532 through the Cal Grant T Program, for a period not to exceed four years. Any recipient who fails to meet his or her teaching obligation shall repay the Cal Grant T award.

(e) The California ~~Student-Aid~~ *Postsecondary Education* Commission shall evaluate the Cal Grant T Award program from its inception to determine, of the total number of recipients, the number of recipients who become employed as public school teachers. This evaluation shall be reported on an annual basis to the Governor and the Legislature beginning July 1, 2001.

SEC. 25. Section 69534.1 of the Education Code is amended to read:

69534.1. (a) The ~~Student-Aid~~ *California Postsecondary Education* Commission shall authorize the use of standardized student financial aid application forms for California. These forms

1 shall be simple in nature and collect common data elements
2 required by the federal government and those elements needed to
3 meet the objectives of state-funded and institutional financial aid
4 programs.

5 (b) These forms shall be utilized for the Cal Grant Program, all
6 other programs funded by the state or a public institution of
7 postsecondary education (except for the Board of Governors'
8 Financial Assistance Program authorized by Chapter 1118 of the
9 Statutes of 1987, for which a simplified form designed for that sole
10 purpose may be used), and all federal programs administered by
11 a public postsecondary education institution.

12 (c) Supplemental forms may be utilized if the forms are
13 essential to accomplishing the objectives of individual programs.
14 All supplemental forms utilized by public postsecondary
15 educational institutions shall be subject to approval by the
16 commission, and forms shall be identical for programs with
17 similar objectives, as determined by the commission.

18 (d) Public postsecondary institutions are encouraged to, but
19 may decide whether to, use the standard application forms for
20 funds provided by private donors.

21 (e) The Legislature finds and declares that it is in the best
22 interest of students that all postsecondary education institutions in
23 California participating in federal and state-funded financial aid
24 programs accept the standard application forms authorized by the
25 Student Aid Commission.

26 SEC. 26. Section 69534.4 of the Education Code is amended
27 to read:

28 69534.4. The ~~Student-Aid~~ *California Postsecondary*
29 *Education* Commission may enter into contracts with a public
30 agency or a private entity to improve the processing and
31 distribution of grants, fellowships, and loans through the use of
32 electronic networks and unified ~~data-bases~~ *databases*.

33 SEC. 27. Section 69535.5 of the Education Code is amended
34 to read:

35 69535.5. The ~~Student-Aid~~ *California Postsecondary*
36 *Education* Commission may determine that an advanced payment
37 is essential to ~~assure~~ *ensure* that funds provided pursuant to this
38 chapter to assist students to enroll in postsecondary education are
39 available at the time students enroll. Upon making that
40 determination, the ~~Student-Aid-Commission~~ *commission* may,

1 based on institutional academic calendars, advance per term to
2 authorized postsecondary educational institutions the funds for
3 eligible students who have indicated they will attend those
4 institutions less an amount based on historical claim enrollment
5 attrition information. Each institution shall disburse the funds in
6 accordance with the provisions set forth in the Institutional
7 Agreement between the ~~Student Aid Commission~~ *commission* and
8 the institution.

9 SEC. 28. Section 69541 of the Education Code is amended to
10 read:

11 69541. (a) The ~~Student Aid~~ *California Postsecondary*
12 *Education* Commission, to the extent funds are appropriated for
13 the purposes of this section in the annual Budget Act, shall provide
14 a supplemental grant equal to two thousand eight hundred dollars
15 (\$2,800) to recipients of Cal Grant awards who fulfill the
16 following requirements:

17 (1) The person has been declared a dependent or ward of the
18 court pursuant to Section 300 or Section 602 of the Welfare and
19 Institutions Code.

20 (2) The person, within the 60-day period immediately prior to
21 his or her 18th birthday, had a permanent plan of long-term foster
22 care or guardianship.

23 (3) The person received aid pursuant to Part 3 (commencing
24 with Section 11000) of Division 9 of the Welfare and Institutions
25 Code.

26 (b) The State Department of Social Services shall enter into an
27 interagency agreement with the ~~Student Aid~~ *California*
28 *Postsecondary Education* Commission to allocate funds to the
29 commission appropriated in the Budget Act for the purposes of this
30 section.

31 SEC. 29. Section 69546 of the Education Code is amended to
32 read:

33 69546. The ~~Student Aid~~ *California Postsecondary Education*
34 Commission shall each year recommend to the Legislature
35 concerning the allocation of funds from the federal state student
36 incentive grant program and the programs authorized in
37 subdivisions (a), (b), and (c) of Section 69532.

38 SEC. 30. Section 69546.5 of the Education Code is amended
39 to read:

1 69546.5. The ~~Student-Aid~~ *California Postsecondary*
2 *Education* Commission shall allocate federal and state student
3 incentive grant funds among the Cal Grant A, B, and C programs.

4 SEC. 31. Section 69561 of the Education Code is amended to
5 read:

6 69561. (a) The Student Opportunity and Access Program is
7 administered by the ~~Student-Aid~~ *California Postsecondary*
8 *Education* Commission.

9 (b) The ~~Student-Aid Commission~~ *commission* may apportion
10 funds on a progress payment schedule for the support of projects
11 designed to increase the accessibility of postsecondary educational
12 opportunities for any of the following elementary and secondary
13 school students:

14 (1) Students who are from low-income families.

15 (2) Students who would be the first in their families to attend
16 college.

17 (3) Students who are from schools or geographic regions with
18 documented low-eligibility or college participation rates.

19 (c) These projects shall primarily do all of the following:

20 (1) Increase the availability of information for these students
21 on the existence of postsecondary schooling and work
22 opportunities.

23 (2) Raise the achievement levels of these students so as to
24 increase the number of high school graduates eligible to pursue
25 postsecondary learning opportunities.

26 (d) Projects may assist community college students in
27 transferring to four-year institutions, to the extent that project
28 resources are available.

29 (e) Projects may provide assistance to low-income fifth and
30 sixth grade students and their parents in order to implement
31 outreach efforts designed to use the future availability of financial
32 assistance as a means of motivating students to stay in school and
33 complete college preparatory courses.

34 (f) Each project shall be proposed and operated through a
35 consortium that involves at least one secondary school district
36 office, at least one four-year college or university, at least one
37 community college, and at least one of the following agencies:

38 (1) A nonprofit educational, counseling, or community agency.



1 (2) A private vocational or technical school accredited by a
2 national, state, or regional accrediting association recognized by
3 the United States Department of Education.

4 (g) The commission, in awarding initial project grants, shall
5 give priority to proposals developed by more than three eligible
6 agencies. Projects shall be located throughout the state in order to
7 provide access to program services in rural, urban, and suburban
8 areas.

9 (h) The governing board of each project, comprising at least
10 one representative from each entity in the consortium, shall
11 establish management policy, provide direction to the project
12 director, set priorities for budgetary decisions that reflect the
13 specific needs of the project, and assume responsibility for
14 maintaining the required level of matching funds, including
15 solicitations from the private sector and corporate sources.

16 (i) Prior to receiving a project grant, each consortium shall
17 conduct a planning process and submit a comprehensive project
18 proposal to include, but not be limited to, the following
19 information:

20 (1) The agencies participating in the project.

21 (2) The students to be served by the project.

22 (3) The ways in which the project will reduce duplication and
23 related costs.

24 (4) The methods for assessing the project's impact.

25 (j) Each project shall include the direct involvement of
26 secondary school staff in the daily operations of the project, with
27 preference in funding to those projects that effectively integrate
28 the objectives of the Student Opportunity and Access Program
29 with those of the school district in providing services that are
30 essential to preparing students for postsecondary education.

31 (k) Each project shall maintain within the project headquarters
32 a comprehensive student-specific information system on students
33 receiving services through the program in grades 11 and 12 at
34 secondary schools within the participating districts. This
35 information shall be maintained in a manner consistent with the
36 law relating to pupil records.

37 (l) At least 30 percent or the equivalent of each project grant
38 shall be allocated for stipends to peer advisers and tutors who meet
39 all of the following criteria:

40 (1) Work with secondary school students.

(2) Are currently enrolled in a college or other postsecondary school as an undergraduate or graduate student.

(3) Have demonstrated financial need for the stipend.

(m) Each project should work cooperatively with other projects in the program and with the commission to establish viable student services and sound administrative procedures and to ensure coordination of the activities of the project with existing educational opportunity programs. The ~~Student Aid~~ *California Postsecondary Education* Commission may develop additional regulations regarding the awarding of project grants and criteria for evaluating the effectiveness of the individual projects.

SEC. 32. Section 69561.5 of the Education Code is amended to read:

69561.5. (a) In collaboration with the various segments of higher education, the ~~Student Aid~~ *California Postsecondary Education* Commission shall develop and establish a pilot program entitled “Transfer: Making It Happen.” This program shall encourage community college students to transfer to a four-year institution of higher education, and assist them in this endeavor by providing academic preparation and information on financial aid opportunities. The program shall be modeled after the “College: Making It Happen” program.

(b) The pilot program established by this section shall target students who attend those community colleges or high schools that participate in one of the Student Opportunity and Access Program consortia, who are primarily from low-income households, who would be the first in their families to attend college, or who are from schools or geographic regions with documented low college eligibility or college participation rates.

(c) (1) The Student Opportunity and Access Program shall provide, in close collaboration with the personnel of the California Community Colleges who are responsible for advising students about transfer opportunities, each of the following direct student services under this section:

(A) Provision of specialized academic and financial aid information related to a transfer to an institution that grants baccalaureate degrees.

(B) Provision of personalized attention, such as one-on-one counseling and group workshops that inform students of

opportunities to transfer to an institution that grants baccalaureate degrees.

(C) Working closely with community college transfer centers in strengthening direct services and outreach provided to students who plan to transfer to an institution that grants baccalaureate degrees.

(2) The services listed in paragraph (1) shall be offered to, but not necessarily limited to, students who indicate an interest in transferring to an institution that grants baccalaureate degrees.

(d) (1) During the third year of the operation of the pilot program established by this section, the California Postsecondary Education Commission, in consultation with the Legislative Analysts' office, shall evaluate the program in order to determine its effectiveness. The evaluation shall include, but not necessarily be limited to, recommendations on both of the following:

(A) How the program may improve the services it provides.

(B) How the program may be expanded beyond those community colleges that participate in one of the Student Opportunity and Access Program consortia.

(2) On or before December 1, 2004, the California Postsecondary Education Commission shall submit to the Governor and the Legislature a report including all of the findings and recommendations of its evaluation.

(e) This section shall remain in effect only until January 1, 2006, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2006, deletes or extends that date.

SEC. 33. Section 69562 of the Education Code is amended to read:

69562. The ~~Student Aid~~ *California Postsecondary Education* Commission shall establish a 12-member project grant advisory committee to advise project directors and the commission on the development and operation of the projects, and consisting of the following:

(a) Three representatives of outreach programs, representing the University of California, the California State University, and the California Community Colleges, appointed by their respective governing boards.

(b) One representative of private colleges and universities, appointed by the Association of California Independent Colleges and Universities.

(c) One representative of the California Postsecondary Education Commission, appointed by the commission.

(d) Two secondary school staff, appointed by the Superintendent of Public Instruction.

(e) Two persons representing the general public, one appointed by the Speaker of the Assembly and the other by the Senate Rules Committee.

(f) Two postsecondary students, both appointed annually by the California Postsecondary Education Commission.

(g) One college campus financial aid officer, appointed by the ~~commission~~ *California Postsecondary Education Commission*.

SEC. 34. Section 69563 of the Education Code is amended to read:

69563. ~~The California Postsecondary Education Commission~~ *commission* shall periodically review and evaluate the Student Opportunity and Access Program as part of the commission's regular assessment of student academic development programs in the state. The commission shall include in the evaluation an assessment of the admission, progress, retention, and graduation of program participants from postsecondary institutions.

SEC. 35. Section 69613 of the Education Code is amended to read:

69613. (a) (1) Any person enrolled in an eligible institution, or any person who agrees to participate in a teacher trainee or teacher internship program, may be eligible to enter into an agreement for loan assumption, to be redeemed pursuant to Section 69613.2 upon becoming employed as a teacher. In order to be eligible to enter into an agreement for loan assumption, an applicant shall satisfy all of the conditions specified in subdivision (b).

(2) As used in this article, "eligible institution" means a postsecondary institution that is determined by the ~~Student Aid~~ *California Postsecondary Education Commission* to meet both of the following requirements:

(A) The institution is eligible to participate in state and federal financial aid programs.

(B) The institution maintains a program of professional preparation that has been approved by the Commission on Teacher Credentialing.

(b) (1) The applicant has completed at least 60 semester units, or the equivalent, and is enrolled in an academic program leading to a baccalaureate degree at an eligible institution, has agreed to participate in a teacher trainee program or teacher internship program, or has been admitted to a program of professional preparation that has been approved by the Commission on Teacher Credentialing.

(2) The applicant is currently enrolled, or has been admitted to a program in which he or she will be enrolled on at least a half-time basis, as determined by the participating institution. The applicant shall agree to maintain satisfactory academic progress and a minimum of half-time enrollment, as defined by the participating eligible institution.

(3) The applicant has been judged by his or her postsecondary institution to have outstanding ability on the basis of criteria that may include, but need not be limited to, any of the following:

(A) Grade point average.

(B) Test scores.

(C) Faculty evaluations.

(D) Interviews.

(E) Other recommendations.

(4) The applicant has received, or is approved to receive, a loan under one or more of the following designated loan programs:

(A) The Federal Family Education Loan Program (20 U.S.C. Sec. 1071 et seq.).

(B) Any loan program approved by the ~~Student Aid California~~ *Postsecondary Education* Commission.

(5) The applicant has agreed to teach full time for at least four consecutive academic years after obtaining a teaching credential in a public elementary or secondary school in this state, in a subject area that is designated as a current or projected shortage area by the Superintendent of Public Instruction, or at a school that, at the time that the teacher is hired, meets any of the following criteria:

(A) It serves a large population of pupils from low-income families, as designated by the Superintendent of Public Instruction.

(B) It has 20 percent or more teachers holding emergency permits. For the purposes of this paragraph, “teachers holding emergency permits” includes persons who teach pursuant to waivers of credential requirements or who are interns.

1 (C) It is a low-performing school.

2 (c) No applicant who has completed fewer than 60 units, or the
3 equivalent, shall be eligible under this section to participate in the
4 loan assumption program set forth in this article.

5 (d) The agreements entered into each year pursuant to
6 subdivision (b) at each eligible institution or participating school
7 district or county office of education shall be with applicants who
8 meet the criteria specified in paragraph (3) of subdivision (b) of
9 Section 69612 or agree to teach in any of the subject areas listed
10 pursuant to that section. An agreement shall remain valid even if
11 the subject area under which an applicant becomes eligible to enter
12 into an agreement ceases to be a designated shortage field by the
13 time the applicant becomes a teacher.

14 (e) For the purposes of calculating eligible years of teaching for
15 the redemption of an award, the designation by the Superintendent
16 of Public Instruction of a newly-opened school pursuant to Section
17 52056 shall apply retroactively from the time of opening the
18 school.

19 (f) A person participating in the program pursuant to this
20 section shall not enter into more than one agreement.

21 SEC. 36. Section 69618 of the Education Code is amended to
22 read:

23 69618. (a) The Legislature hereby recognizes the growing
24 need for new faculty members at California's colleges and
25 universities. This need will be fueled largely by two factors: (1) the
26 large number of current faculty approaching retirement age who
27 will need to be replaced; and (2) the expected growth in enrollment
28 demand in California.

29 (b) The Legislature finds that the rising costs of higher
30 education, coupled with a shift in available financial aid from
31 scholarships and grants to loans, make loan repayment options an
32 important consideration in student's decision to pursue a graduate
33 education.

34 (c) It is the intent of the Legislature that the Graduate
35 Assumption Program of Loans for Education be designed to
36 encourage persons to complete their graduate educations and serve
37 as faculty at an accredited California college or university.

38 (d) As used in this article, "commission" means the ~~Student~~
39 ~~Aid~~ California Postsecondary Education Commission.

1 SEC. 37. Section 69618.3 of the Education Code is amended
2 to read:

3 69618.3. The terms of the loan assumptions granted under this
4 article shall be as follows, subject to the specific terms of each
5 warrant:

6 (a) After a program participant has completed one academic
7 year, or the equivalent of full-time teaching, at one or more
8 regionally accredited, eligible California colleges or universities,
9 the ~~Student Aid Commission~~ *commission* shall assume up to two
10 thousand dollars (\$2,000) of the participant's outstanding liability
11 under one or more of the designated loan programs. The initial
12 year of eligible teaching shall begin within 10 years of receiving
13 an initial conditional warrant from the commission.

14 (b) After the program participant has completed two
15 consecutive academic years, or the equivalent of full-time
16 teaching, at one or more regionally accredited California colleges
17 or universities, the commission shall assume up to an additional
18 two thousand dollars (\$2,000) of the participant's outstanding
19 liability under one or more of the designated loan programs, for a
20 total loan assumption of up to four thousand dollars (\$4,000).

21 (c) After a program participant has completed three
22 consecutive academic years, or the equivalent of full-time
23 teaching, at one or more regionally accredited California colleges
24 or universities, the commission shall assume up to an additional
25 two thousand dollars (\$2,000) of the participant's outstanding
26 liability under one or more of the designated loan programs, for a
27 total loan assumption of up to six thousand dollars (\$6,000).

28 SEC. 38. Section 69620 of the Education Code is amended to
29 read:

30 69620. There is hereby established the Child Development
31 Teacher and Supervisor Grant Program, to be administered by the
32 ~~Student Aid~~ *California Postsecondary Education* Commission,
33 with participation by students attending California public or
34 private two-year or four-year postsecondary educational
35 institutions who intend to teach or supervise in the field of child
36 care and development in a licensed children's center. The ~~Student~~
37 ~~Aid~~ *California Postsecondary Education* Commission may enter
38 into an agreement with another state or local agency to administer
39 this program.

1 SEC. 39. Section 69622 of the Education Code is amended to
2 read:

3 69622. (a) Participants shall be enrolled in an approved
4 course of study leading to the teacher, site supervisor, or program
5 director level of the Child Development Permit.

6 (b) An applicant shall be eligible to participate if he or she
7 meets one of the following criteria:

8 (1) Is nominated by a postsecondary institution.

9 (2) Is nominated by his or her employing agency that holds an
10 approved waiver of staffing qualifications on behalf of the
11 applicant.

12 (c) From the list of applicants who are eligible under
13 subdivisions (a) and (b), the ~~Student-Aid~~ *California*
14 *Postsecondary Education* Commission, or an agency designated
15 by the commission, shall select participants on the basis of their
16 demonstrated financial need and academic achievement, which
17 may include, but not be limited to, high school grade-point
18 average, college grade-point average, or academic test scores.

19 (d) Participants shall maintain no less than half-time
20 enrollment and satisfactory academic progress as defined by the
21 postsecondary educational institution.

22 (e) Recipients of a grant may renew their participation by
23 maintaining satisfactory academic progress, financial need, and
24 intent to pursue the approved course of study leading to the
25 teacher, site supervisor, or program director level as provided in
26 subdivision (a). The maximum amount any one recipient may
27 receive through the grant program is six thousand dollars (\$6,000).

28 (f) Participants may not concurrently receive benefits from the
29 grant program under this article and from the Child Development
30 Teacher Loan Assumption Program.

31 SEC. 40. Section 69623 of the Education Code is amended to
32 read:

33 69623. (a) To receive a grant under this article, a participant
34 shall enter into a contractual agreement with the ~~Student-Aid~~
35 *California Postsecondary Education* Commission under which
36 the participant agrees to do all of the following:

37 (1) Pursue a course of study leading to the Child Development
38 Permit at the teacher, site supervisor, or program director level.

39 (2) Maintain full-time employment in a licensed children's
40 center in California for a period of one year for each year in which

1 grant assistance was received and provide the ~~Student-Aid~~
2 *California Postsecondary Education* Commission with evidence
3 of compliance with this requirement.

4 (b) Each participant shall complete and return to the ~~Student~~
5 ~~Aid~~ *California Postsecondary Education* Commission an
6 employment verification for each year of service as a teacher,
7 instructor, or supervisor. A year of employment may be based on
8 a calendar year or a school year.

9 (c) The ~~Student-Aid~~ *California Postsecondary Education*
10 Commission shall develop appropriate mechanisms to document
11 and report annually to the State Department of Education
12 regarding compliance with the requirements of paragraph (2) of
13 subdivision (a).

14 SEC. 41. Section 69625 of the Education Code is amended to
15 read:

16 69625. (a) In order to accomplish the purposes set forth in
17 this article, commencing January 1, 1998, the Controller, the State
18 Department of Education, the State Department of Social
19 Services, or any other state agency receiving funds from the Child
20 Care Development Block Grant Act of 1990 (P.L. 97-35) shall
21 make these funds available to the ~~Student-Aid~~ *California*
22 *Postsecondary Education* Commission for this program only to
23 the extent this program is incorporated into, and approved in, the
24 state plan established pursuant to subsection (a) of Section 658E
25 of Subchapter C as contained in Section 5082 of the Omnibus
26 Budget Reconciliation Act of 1990 (P.L. 101-508).

27 (b) For the purpose of implementing this article, the State
28 Department of Education or designated state agency shall enter
29 into an interagency agreement with the ~~Student-Aid~~ *California*
30 *Postsecondary Education* Commission to allocate federal funds
31 received annually for purposes of this program and to include
32 funds for the administrative costs.

33 (c) On or before January 1, 1999, and each year thereafter, the
34 ~~Student-Aid~~ *California Postsecondary Education* Commission
35 shall report to the State Department of Education or designated
36 state agency regarding the federal funding level required to award
37 100 new grants and all of the renewal grants annually. The State
38 Department of Education or designated state agency shall take
39 these amounts into consideration when developing the state plan
40 referenced in subdivision (a). The State Department of Education

1 or designated state agency shall notify the ~~Student Aid~~ *California*
2 *Postsecondary Education* Commission of any revision to the
3 federal funding level as reflected in changes to the Child Care and
4 Development Block Grant State Plan.

5 (d) This program is contingent upon the receipt of federal funds
6 for the childcare and development block grant for the purposes of
7 implementing this program.

8 SEC. 42. Section 69626 of the Education Code is amended to
9 read:

10 69626. (a) The ~~Student Aid~~ *California Postsecondary*
11 *Education* Commission shall administer the Child Development
12 Teacher and Supervisor Grant Program. This includes determining
13 the application procedures and the selection criteria for grant
14 awards.

15 (b) It is the intent of the Legislature that the ~~Student Aid~~
16 *California Postsecondary Education* Commission consult with
17 the Child Development Division of the California Department of
18 Education, postsecondary educational institutions, and child care
19 and development representatives of statewide organizations
20 regarding the development of the program, including the program
21 requirements and selection criteria.

22 SEC. 43. Section 69627 of the Education Code is amended to
23 read:

24 69627. ~~Notwithstanding Section 7550.5 of the Government~~
25 ~~Code, the Student Aid~~ *The California Postsecondary Education*
26 Commission shall report to the Governor and the Legislature by
27 January 1, 2001, on the Child Development Teacher and
28 Supervisor Grant Program to assess the following:

29 (a) The number of applicants annually.

30 (b) The number of participants annually.

31 (c) The rate of compliance with academic and employment
32 requirements.

33 (d) Participating postsecondary educational institutions.

34 (e) Needs assessment for program growth based on the eligible
35 pool of applicants.

36 (f) Participation and success rates for each permit.

37 (g) The amount of grant funds awarded each year, by
38 institution.

39 SEC. 44. Section 69730 of the Education Code is amended to
40 read:

69730. There is hereby established the Willie L. Brown, Jr. Community Service Scholarship Program, the purpose of which shall be to reward pupils for volunteering to serve their communities, to address serious social and economic community needs, and to increase the tendency of youth to be involved in public service. The program shall be administered by the ~~Student Aid~~ *California Postsecondary Education* Commission. Pursuant to that authority, the commission shall do all of the following:

(a) Provide information regarding the program to each school district in this state. Any public high school of this state, other than any continuation or alternative high school, may participate in the program upon request. Each participating high school shall provide adequate notice to its pupils of the availability of the scholarships authorized under this article.

(b) Establish a model scholarship application form of no more than one page in length, requiring no more than 25 data elements, and provide copies of that application form to all participating high schools. Participating high schools may use either the model form or their own scholarship application form. Scholarship funds to be awarded pursuant to this article shall be provided without regard to the requirements otherwise set forth in this chapter.

(c) Conduct periodic reviews in order to ensure that the selection of scholarship recipients is conducted in compliance with this article.

SEC. 45. Section 69731 of the Education Code is amended to read:

69731. (a) At least one scholarship under this article shall be made available each year to each high school participating in the program to award to a pupil who is enrolled in that high school. One additional scholarship shall be available each year to each participating high school for each 1,000 pupils enrolled in that school in excess of 1,000 pupils.

(b) Each participating high school shall establish and maintain a community service scholarship committee that consists of the following persons:

(1) One full-time teacher employed by the school.

(2) One employee of the school who is a classified employee or pupil counselor, and who has contributed to the academic or personal development of high school pupils. In the event that no person meets those qualifications, the principal of the school shall

1 designate any other employee of the school to serve on the
2 committee.

3 (3) One parent of any pupil who is enrolled in the high school
4 but is not an applicant for a scholarship under this article.

5 (4) Two representatives from community organizations or
6 agencies, as described in subdivision (c).

7 (c) Scholarships made available to the participating high
8 school shall be awarded by the community service scholarship
9 committee to pupil applicants determined by a majority vote of the
10 membership of the committee to have made significant
11 contributions to the community through community service. For
12 the purposes of this article, “community service” means volunteer
13 work for any nonprofit organization that meets the description set
14 forth in paragraph (3) of subdivision (c) of Section 501 of Title 26
15 of the United States Code, or for any other community service
16 agency or organization that is nonprofit, nonpartisan, and
17 nonsectarian, which work is performed to further purposes of
18 education, environmental quality, health care, local, state, or
19 federally funded public assistance, public safety crime prevention
20 or control, transportation, recreation, housing and neighborhood
21 improvement, rural development, conservation, child care, senior
22 citizens’ quality of life, outdoor beautification, or any other
23 purpose of human betterment and community improvement. In the
24 event that the community service scholarship committee
25 determines that the number of applicants who qualify for a
26 scholarship under this subdivision exceeds the number of
27 scholarships available to the high school under this article, the
28 committee shall apply the following additional criteria in order to
29 select scholarship recipients:

30 (1) The applicant’s financial status, including his or her ability
31 to finance a college education.

32 (2) The extent to which the applicant’s capacity to provide
33 volunteer service has been limited by the applicant’s other
34 extracurricular activities, summer or part-time employment, or
35 responsibilities to his or her family.

36 (3) Whether the applicant would be the first member of his or
37 her immediate family to attend an institution of higher education.

38 (d) Each scholarship awarded shall be for a period of one year,
39 subject to the requirement that no scholarship funding shall be
40 payable as to any academic term in which the recipient fails to both



1 maintain a course load of at least six semester units or the
2 equivalent and meet or exceed the institution's standards for
3 satisfactory academic progress.

4 (e) No later than June 15 of each year, the community service
5 scholarship committee of each participating high school shall
6 notify the ~~Student Aid~~ *California Postsecondary Education*
7 Commission of the names of the scholarship recipients selected by
8 the committee, or, alternatively, that no pupil applicants were
9 determined by the committee to qualify for a scholarship pursuant
10 to subdivision (c). No later than August 15 of that year, the
11 commission shall provide funding for the subsequent academic
12 year for each scholarship awarded pursuant to this section, in an
13 amount equal to the amount of the undergraduate student fees
14 charged for that school year by the University of California, except
15 that no ~~such~~ allotment shall be in an amount of less than one
16 thousand five hundred dollars (\$1,500).

17 (f) Scholarship funding provided under this article may be
18 applied to educational costs incurred by the recipient pursuant to
19 his or her attendance at an institution of higher education. Those
20 costs may include, but are not necessarily limited to, tuition, fees,
21 instructional materials, and room and board.

22 (g) Scholarships shall be funded under this article to the extent
23 funds are made available for that purpose.

24 (h) This article shall not be construed to prevent any
25 participating high school or pupil from seeking private or other
26 funding sources to supplement the amount of any scholarship or
27 scholarships awarded under this article. Any scholarship or
28 scholarships awarded under this article shall augment, and not
29 supplant, student financial aid from other sources.

30 SEC. 46. Section 69740 of the Education Code is amended to
31 read:

32 69740. Unless the context requires otherwise, the definitions
33 in this section govern the construction of this article.

34 (a) "Commission" means the ~~Student Aid~~ *California*
35 *Postsecondary Education* Commission.

36 (b) "Eligible education and training programs" means
37 education and training programs approved by the commission that
38 lead to eligibility for a license to practice law as a licensed attorney.

39 (c) "Eligible expenses" means reasonable expenses associated
40 with the costs of acquiring an education such as tuition, books,

1 equipment, fees, room and board, and other expenses determined
2 by the commission.

3 (d) “Eligible participant” means a licensed attorney who has
4 been admitted to the program and is a resident of this state and who
5 can provide proof of residency in this state.

6 (e) “Licensed attorney” means an attorney who resides in this
7 state who has successfully passed the California bar examination
8 and has been admitted to practice in this state or has otherwise been
9 licensed to practice law in this state by the State Bar of California.

10 (f) “Loan repayment” means a loan that is paid in full or in part
11 if the participant renders legal services in this state in a public
12 interest area of the law.

13 (g) “Participant” means a licensed attorney who has been
14 admitted to the program and has commenced practice as a licensed
15 attorney in this state in a public interest area of the law.

16 (h) “Program” means the Public Interest Attorney Loan
17 Repayment Program.

18 (i) “Public interest area of the law” means those areas of the
19 law determined by the commission, in consultation with the
20 advisory committee, to serve the public interest, including, but not
21 necessarily limited to, providing direct legal service at a local (1)
22 legal services organization, (2) prosecuting attorney’s office, (3)
23 child support agency office, or (4) criminal public defender’s
24 office. For the purposes of this article, a “legal services
25 organization” is a legal services provider in California that serves
26 a clientele over 70 percent of whom are low-income persons
27 according to applicable federal income guidelines.

28 (j) “Required service obligation” means an obligation by the
29 participant to provide legal services in this state in a public interest
30 area of the law as established pursuant to this article.

31 SEC. 47. Section 69763.1 of the Education Code is amended
32 to read:

33 69763.1. (a) If a borrower defaults on a guaranteed student
34 loan and the lender’s default claim has been paid, the ~~Student Aid~~
35 *California Postsecondary Education* Commission shall fulfill the
36 collection efforts required by federal law, which includes initiating
37 a civil suit against the borrower for repayment of the loan.

38 (b) After the period specified in federal law for commencing
39 action, the amount of the promissory note, plus interest and costs,

may be collected by the filing of a certificate requesting judgment pursuant to subdivision (c) or by other appropriate civil action.

(c) If the loan principal, interest, and predefault and collection costs are not paid when due, and there is evidence that the borrower does not intend to pay under the terms of the promissory note or promissory notes, the commission may file in the office of the Clerk of the Superior Court of Sacramento County, or any other county, a certificate specifying the amount of the loan principal, interest, and predefault and collection costs due, the name and last known address of the individual liable for the amount due, the fact that the commission has complied with all applicable state and federal laws in the computation of the amount due, and a request that judgment be entered against the individual in the amount of the loan principal, interest, and predefault and collection costs specified in the certificate.

(d) Prior to the filing of the certificate, the commission shall, by mail, notify the individual of the amount that is due and of the opportunity for a hearing. If a hearing is requested, 10 days' notice shall be given of the time and place of the hearing, which shall be held in Sacramento County or, if properly requested, the county of residence of the person requesting the hearing. The hearing shall be conducted by a referee who shall submit findings and recommendations to the director of the commission, or an authorized representative, who shall decide the matter. The decision shall be effective upon notice to the interested parties. The director of the commission, or the authorized representative, may rescind the decision and reconsider the matter for good cause shown at any time within three years after the date the disputed loan first became due, or within one year from the hearing, whichever is later. If no hearing is requested within 15 days after mailing the notice required by this subdivision, the certificate required by subdivision (b) may be filed.

SEC. 48. Section 69763.2 of the Education Code is amended to read:

69763.2. (a) The clerk, immediately upon the filing of the certificate specified in Section 69763.1, shall enter a judgment for the people of the State of California against the individual in the amount of the loan principal, interest, and predefault and collection costs listed on the certificate. The clerk may file the

1 judgment in the book entitled “California ~~Student Aid~~
2 *Postsecondary Education* Commission Judgments.”

3 (b) Execution shall issue upon the judgment specified in
4 subdivision (a) upon request of the ~~Student Aid Commission~~
5 *commission* in the same manner as execution may issue upon other
6 judgments as prescribed in the Code of Civil Procedure.

7 (c) At least 10 days before executing any writ to collect, the
8 commission shall send notice of the intent to execute upon a writ
9 to the borrower and to any cosigners, by certified mail, to the most
10 recent addresses maintained in the files of the commission. Any
11 person receiving the notice of the intent to execute upon a writ may
12 request a hearing to contest the existence or the amount of the writ.
13 At the request of the individual, the commission shall conduct a
14 hearing pursuant to Section 69763.1, at which it shall be
15 determined whether the loan principal, interest, and predefault and
16 collection costs in the amount claimed by the commission are due
17 and whether the individual named on the certificate is liable for the
18 amount. If no hearing is requested, the execution shall be
19 commenced for the garnishment of wages, the attachment of
20 property, or other legal collection action.

21 SEC. 49. Section 69763.3 of the Education Code is amended
22 to read:

23 69763.3. At any time before wages are garnished or a lien is
24 placed on property, a borrower may pay the ~~Student Aid~~ *California*
25 *Postsecondary Education* Commission the amount of the recorded
26 judgment, plus costs. If that payment is made, wage garnishment
27 or the attachment of property shall not commence. The payment
28 shall not constitute a waiver of the right to a hearing.

29 SEC. 50. Section 69763.4 of the Education Code is amended
30 to read:

31 69763.4. If the ~~Student Aid~~ *California Postsecondary*
32 *Education* Commission, or an authorized agent, has reasonable
33 cause to believe that a lien on property may be jeopardized within
34 the 10-day notice-of-intent period, the lien may be filed without
35 prior notice. The commission shall provide notice of the
36 attachment of property by lien to the owner and to any other person
37 known to be claiming an interest in the property, within 48 hours
38 after filing, excluding Saturdays, Sundays, and the holidays
39 specified in Section 6700 of the Government Code. Any hearing

1 to contest the lien shall be requested within 10 days following
2 transmittal of the notice.

3 SEC. 51. Section 69766 of the Education Code is amended to
4 read:

5 69766. (a) The Federal Student Loan Reserve Fund and the
6 Student Loan Operating Fund are hereby created in the State
7 Treasury. On January 1, 2000, the State Guaranteed Loan Reserve
8 Fund shall cease to exist, and funds deposited, or required to be
9 deposited in that fund, shall be transferred to the Federal Student
10 Loan Reserve Fund or the Student Loan Operating Fund and
11 allocated to those funds in accordance with the requirements of
12 federal law.

13 (b) All money received for the purposes of this article from
14 federal, state or local governments, including any money
15 deposited in the State Guaranteed Loan Reserve Fund, or from
16 other private or public sources, shall be deposited in the Federal
17 Student Loan Reserve Fund or the Student Loan Operating Fund
18 and allocated to those funds in accordance with the requirements
19 of federal law. Funds deposited in the Federal Student Loan
20 Reserve Fund or the Student Loan Operating Fund are not part of
21 the General Fund, as defined in Section 16300 of the Government
22 Code. No moneys from the General Fund shall be deposited in the
23 Federal Student Loan Reserve Fund or the Student Loan Operating
24 Fund.

25 (c) The contents of the Federal Student Loan Reserve Fund are
26 federal funds, administered in accordance with federal laws and
27 regulations. The contents of the Student Loan Operating Fund are
28 state funds within the custody and control of the ~~Student Aid~~
29 *California Postsecondary Education* Commission.

30 (d) Notwithstanding Section 13340 of the Government Code,
31 all moneys deposited in the Federal Student Loan Reserve Fund
32 and the Student Loan Operating Fund are hereby continuously
33 appropriated, without regard to fiscal years, for purposes of this
34 article. The continuous appropriation made by this section shall be
35 available to assume the obligation under any outstanding budget
36 act appropriation from the State Guaranteed Loan Reserve Fund
37 as it existed prior to January 1, 2000.

38 (e) The total amount of all outstanding debts, obligations, and
39 liabilities that may be incurred or created under this article,
40 including any obligation to repay to the United States any funds

1 provided under Title IV of the “Higher Education Act of 1965,”
2 and extensions thereof or amendments thereto, or any similar act
3 of Congress, is limited to the amount contained in the Federal
4 Student Loan Reserve Fund or the Student Loan Operating Fund,
5 and the state shall not be liable to the United States, or to any other
6 person or entity, beyond the amount contained in the Federal
7 Student Loan Reserve Fund or the Student Loan Operating Fund
8 for any debts, obligations, and liabilities.

9 SEC. 52. Section 69769.5 of the Education Code is amended
10 to read:

11 69769.5. The Loan Advisory Council shall review the
12 activities and policies of the Federal Family Education Loan
13 Program and shall regularly advise the commission of its findings
14 and recommendations. The Loan Advisory Council may request
15 information and data that it deems appropriate from the ~~Student~~
16 ~~Aid~~ *California Postsecondary Education* Commission with
17 respect to the Federal Family Education Loan Program or any
18 other loan program administered by the commission.

19 SEC. 53. Section 69951 of the Education Code is amended to
20 read:

21 69951. The California State Work-Study Program is hereby
22 created to provide eligible college and university students with the
23 opportunity to earn money to help defray their educational costs,
24 while gaining valuable experience in educationally beneficial or
25 career-related employment. The California State Work-Study
26 Program shall be administered by the ~~Student Aid~~ *California*
27 *Postsecondary Education* Commission.

28 SEC. 54. Section 69952 of the Education Code is amended to
29 read:

30 69952. (a) Any postsecondary educational institution
31 currently eligible to participate in state-funded student financial
32 aid programs pursuant to this chapter or in federal financial aid
33 programs shall be eligible to be selected to participate in the
34 California State Work-Study Program.

35 (b) Prior to participating in the program, each institution shall
36 sign an institutional agreement with the ~~Student Aid~~ *California*
37 *Postsecondary Education* Commission, acknowledging its
38 willingness to administer the program pursuant to this article and
39 program regulations and guidelines adopted for that purpose by
40 the commission. The agreement shall include the procedures that

1 the institution shall use to ensure that each work-study position is
2 related to the student's course of study or career interests.

3 (c) Each participating institution shall be required, as a
4 condition of participation in the program, to comply with such
5 auditing or other fiscal reporting requirements as the commission
6 may establish. These requirements shall be applied by the
7 commission so as to ensure that no payments received by any
8 private institution pursuant to this article are applied to any
9 sectarian or denominational purpose, or to the general aid or
10 support of the institution.

11 SEC. 55. Section 69954 of the Education Code is amended to
12 read:

13 69954. (a) All of the following entities shall be eligible to
14 employ students participating in the California State Work-Study
15 Program:

16 (1) Public postsecondary educational institutions.

17 (2) Public schools operated by school districts, county
18 superintendents of schools, the Department of the Youth
19 Authority, or the State Department of Education.

20 (3) Nonsectarian, nonpolitical organizations or corporations,
21 whether nonprofit or profit-seeking enterprises licensed to
22 conduct business in California.

23 (4) Out-of-state employers licensed to conduct business in their
24 home state, subject to the prior approval of the ~~Student Aid~~
25 *California Postsecondary Education* Commission.

26 (b) Private postsecondary educational institutions shall not be
27 eligible to employ students participating in the California State
28 Work-Study Program.

29 SEC. 56. Section 69958 of the Education Code is amended to
30 read:

31 69958. (a) Potential work-study positions may be located by
32 the institution or by eligible students in cooperation with the
33 institution. Each position located shall be critically reviewed by
34 the appropriate student financial aid and experiential education
35 personnel to determine whether it satisfies all the conditions
36 specified in Section 69960. To assist the institution in assessing the
37 position, the employer shall submit a written statement to the
38 institution ~~which~~ *that* provides all of the following information:

39 (1) The total number of positions available.

1 (2) A job description of each available position, including the
2 suggested rate of pay.

3 (3) The skills required of the prospective work-study
4 employee.

5 (4) The educational benefits provided by the position.

6 (b) Once the institution has approved the work-study position,
7 the employer and the institution, acting as the authorized agent of
8 the ~~Student-Aid~~ *California Postsecondary Education*
9 Commission, shall execute a written agreement which confirms
10 the employer's eligibility to participate in the program and its
11 willingness to comply with all program requirements, and
12 specifies the responsibilities of each of the parties. The agreement
13 shall be subject to annual renewal by mutual agreement of the
14 institution and the employer.

15 (c) Following execution of the agreement pursuant to
16 subdivision (b), the employer may interview prospective
17 work-study employees. The institution shall provide the employer
18 and each applicant for the work-study position with adequate
19 information to facilitate a proper placement. Provided that the
20 priorities specified in Section 69959 have been met, the employer
21 may indicate his or her hiring preferences. No employer shall
22 discriminate between applicants on the basis of race, color, sex,
23 religion, or national origin, or subject any applicant to any other
24 discriminatory practices prohibited by state or federal law.

25 SEC. 57. Section 69965 of the Education Code is amended to
26 read:

27 69965. (a) The ~~Student-Aid~~ *California Postsecondary*
28 *Education* Commission, in consultation with the advisory
29 committee designated pursuant to Section 69966, shall select
30 postsecondary educational institutions to participate in the
31 program. In evaluating applications from educational institutions,
32 the commission shall primarily consider the following factors:

33 (1) Administrative capability.

34 (2) Ability to utilize available state funds.

35 (b) The commission shall also consider:

36 (1) Geographical distribution of participating institutions.

37 (2) Segmental representation.

38 SEC. 58. Section 69966 of the Education Code is amended to
39 read:

69966. ~~The Student Aid California Postsecondary Education~~
Commission shall administer the California State Work-Study
Program in consultation with an advisory committee. The
membership of the advisory committee, which may be an existing
advisory committee established by the commission, shall be
representative of, but need not be limited to, financial aid and
student employment administrators from each segment of
postsecondary education, students, public schools, employers, ~~the~~
~~California Postsecondary Education Commission,~~ and
experiential education personnel.

SEC. 59. Section 69967 of the Education Code is amended to
read:

69967. ~~The Student Aid California Postsecondary Education~~
Commission shall do all of the following:

(a) Adopt any necessary rules, regulations, and guidelines to
assist participating employers and institutions to administer the
program.

(b) Ensure that student placements are consistent with the
objectives stated in Section 69959.

(c) Monitor institutional expenditures to ensure proper
allocation and utilization of work-study funds.

(d) At the close of each fiscal year, compile data regarding the
population served by the program during that fiscal year.

(e) Review the administrative practices of each participating
institution to ensure compliance with program requirements.

(f) Ensure that appropriate audits of the program are
conducted.

SEC. 60. Section 69984 of the Education Code is amended to
read:

69984. (a) (1) The board shall segregate moneys received by
the Scholarshare trust into two funds, which shall be identified as
the program fund and the administrative fund. Notwithstanding
Section 13340 of the Government Code, the program fund is
hereby continuously appropriated, without regard to fiscal years,
to the board for the purposes of this article. Funds in the
administrative fund shall be available for expenditure, upon
appropriation, for the purposes specified in this article.

(2) (A) The trust shall separately account for any moneys
received by an entity exempt from taxation under Section
501(c)(3) of the Internal Revenue Code or a state or local

1 government agency, depositing the money for the benefit of a
2 beneficiary to be named later pursuant to the operation of a bona
3 fide scholarship program.

4 (B) There is hereby created the Scholarshare Investment
5 Board, which consists of the Treasurer, the Director of Finance, the
6 Secretary of Education, a member of the ~~Student Aid California~~
7 *Postsecondary Education* Commission appointed by the
8 Governor, a member of the public appointed by the Governor, a
9 representative from a California public institution of higher
10 education appointed by the Senate Committee on Rules, and a
11 representative from a California independent college or university
12 or a state-approved college, university, or vocational/technical
13 school appointed by the Speaker of the Assembly. The Treasurer
14 shall serve as chair of the board. The board shall appoint an
15 administrator of the program who shall serve at the pleasure of the
16 board. The board shall annually prepare and adopt a written
17 statement of investment policy. The board shall consider the
18 statement of investment policy and any changes in the investment
19 policy at a public hearing. The board shall approve the investment
20 management entity or entities consistent with subparagraph (C).
21 Not later than 30 days after the close of each month there shall be
22 placed on file for public inspection during business hours a report
23 with respect to investments made pursuant to this section and a
24 report of deposits in financial institutions. The investment
25 manager shall report the following information to the board within
26 30 days following the end of each month:

27 (i) The type of investment, name of the issuer, date of maturity,
28 par and dollar amount invested in each security, investment, and
29 money within the program fund.

30 (ii) The weighted average maturity of the investments within
31 the program fund.

32 (iii) Any amounts in the program fund that are under the
33 management of private money managers.

34 (iv) The market value as of the date of the report and the source
35 of this valuation for any security within the program fund.

36 (v) A description of the compliance with the statement of
37 investment policy.

38 (C) Moneys in the program fund may be invested or reinvested
39 by the Treasurer or may be invested in whole or in part under

1 contract with private money managers, as determined by the
2 Scholarshare Investment Board.

3 (b) Transfers may be made from the program fund to the
4 administrative fund for the purpose of paying operating costs
5 associated with administering the trust and as required by this act.
6 On an annual basis, expenditures from the administrative fund
7 shall not exceed more than 1 percent of the total program fund. All
8 costs of administration of the trust shall be paid out of the
9 administration fund.

10 (c) All moneys paid by participants in connection with
11 participation agreements shall be deposited as received into the
12 program fund and shall be promptly invested and accounted for
13 separately. Deposits and interest thereon accumulated on behalf of
14 participants in the program fund of the Scholarshare trust may be
15 used for payments to any institution of higher education.

16 SEC. 61. Section 89347 of the Education Code is amended to
17 read:

18 89347. The ~~Student Aid~~ *California Postsecondary Education*
19 Commission shall provide outreach services and technical
20 assistance to foster youth at the two grade levels designated jointly
21 by the California State University and the California Community
22 Colleges. The State Department of Social Services and county
23 welfare departments shall, in coordination with the ~~Student Aid~~
24 *California Postsecondary Education* Commission, communicate
25 with foster youth at the two grade levels designated jointly by the
26 California State University and the California Community
27 Colleges in order to facilitate the ~~Student Aid~~ *California*
28 *Postsecondary Education* Commission's outreach and technical
29 assistance efforts for those prospective students.

30 SEC. 62. Section 94155 of the Education Code is amended to
31 read:

32 94155. On or before March 31 in each year the authority shall
33 make an annual report of its activities for the preceding calendar
34 year to the Governor and the Legislature. ~~Each such~~ *This* report
35 shall set forth a complete operating and financial statement
36 covering the authority's operations during the year. The authority
37 shall cause an audit of its books and accounts to be made at least
38 once in each year by certified public accountants. The authority
39 shall also consult with the California Postsecondary Education

Commission and the Student Aid Commission with respect to the need for additional financing of student loan projects.

SEC. 63. Chapter 3 (commencing with Section 94300) of Part 59 of the Education Code is repealed.

SEC. 64. Section 94719.5 of the Education Code is amended to read:

94719.5. "Bureau" means the Bureau for Private Postsecondary and Vocational Education ~~in the Department of Consumer Affairs established~~ *which, pursuant to Section 94770, is under the administration of the California Postsecondary Education Commission.*

SEC. 65. Section 94724 of the Education Code is amended to read:

94724. "Council" ~~means~~ *has the same meaning as the Bureau for Private Postsecondary and Vocational Education in the Department of Consumer Affairs established pursuant to Section 94770 as defined in Section 94719.5.*

SEC. 66. Section 94728.5 of the Education Code is amended to read:

94728.5. "Director" means the *Executive* Director of ~~Consumer Affairs~~ *the California Postsecondary Education Commission.*

SEC. 67. Section 94770 of the Education Code is amended to read:

94770. (a) There is a Bureau for Private Postsecondary and Vocational Education ~~in the Department of Consumer Affairs~~ *under the administration of the California Postsecondary Education Commission.* The bureau shall succeed to any and all rights and claims of the former Council for Private Postsecondary and Vocational Education that may have been asserted in any judicial or administrative action pending on January 1, 1998, and shall take any action reasonably necessary to assert and realize those rights and claims in its own name. The functions of the former council and the responsibilities the former council had for the administration of former Chapter 7 (commencing with Section 94700) on June 29, 1997, are transferred to the bureau, effective January 1, 1998, as provided by this act. It is the intent of the Legislature that there be no gap in the performance of functions or the administration of the law governing private postsecondary educational institutions. Notwithstanding any other provision of

1 law, Section 19050.9 of the Government Code shall apply
2 regardless of the date on which former Chapter 7 (commencing
3 with Section 94700) became inoperative or was repealed.

4 ~~The~~

5 (b) *The* bureau shall have possession and control of all records,
6 papers, offices, equipment, supplies, or other property, real or
7 personal, held for the benefit or use by the former council in the
8 performance of the duties, powers, purposes, responsibilities, and
9 jurisdictions that are vested in the bureau.

10 ~~The~~

11 (c) *The* bureau has the responsibility for approving and
12 regulating private postsecondary educational institutions. The
13 bureau shall have, as its objective, the development of a strong,
14 vigorous, and widely respected sector of private postsecondary
15 and vocational education.

16 SEC. 68. Section 94771 of the Education Code is amended to
17 read:

18 94771. (a) The duty of administering and enforcing this
19 chapter is vested in the *Executive Director of Consumer Affairs* ~~the~~
20 *California Postsecondary Education Commission*, who may
21 assign and delegate those duties to a bureau chief, subject to the
22 other provisions of this section.

23 (b) Every power granted to, or duty imposed upon, the bureau
24 under this chapter may be exercised or performed in the name of
25 the bureau, subject to any conditions and limitations the director
26 may prescribe. The bureau chief may redelegate any of those
27 powers or duties to his or her designee. The bureau chief shall be
28 appointed by the Governor and confirmed by the Senate, and is
29 exempt from the State Civil Service Act (Part 2 (commencing with
30 Section 18500) of Division 5 of Title 2 of the Government Code).

31 (c) The director, in accordance with the State Civil Service Act,
32 may appoint and fix the compensation of ~~such~~ *the* clerical,
33 inspection, investigation, evaluation, and auditing personnel, ~~as~~
34 ~~may be that he or she deems~~ necessary to carry out this chapter.

35 (d) The proceedings under this chapter shall be conducted by
36 the bureau in accordance with Chapter 5 (commencing with
37 Section 11500) of Part 1 of Division 3 of Title 2 of the Government
38 Code. To the extent of any conflict between any of the provisions
39 of this chapter and Chapter 5 (commencing with Section 11500)

1 of Part 1 of Division 3 of Title 2 of the Government Code, that
2 Chapter 5 shall prevail.

3 (e) The director shall appoint an advisory committee ~~that~~,
4 *which* shall consist of representatives of institutions, student
5 advocates, and employers who hire students, among other parties.
6 The advisory committee shall be balanced to ensure that
7 institutions and student advocates have approximate equal
8 representation. Institutional representatives on the committee
9 shall be in general proportion to the types of institutions approved
10 or registered pursuant to this chapter and to the number of students
11 served by each type of institution. The advisory committee shall
12 advise the bureau concerning the bureau's administration,
13 licensing, and enforcement functions under this chapter.

14 SEC. 69. Section 94774.5 of the Education Code is amended
15 to read:

16 94774.5. (a) For the purposes of administration and
17 enforcement of this chapter, the ~~Department of Consumer Affairs~~
18 *California Postsecondary Education Commission*, the bureau, and
19 the director and officers and employees of the ~~department~~
20 *commission* and the bureau, shall have all the powers and authority
21 granted under this chapter and under Division 1 (commencing
22 with Section 100) and Division 1.5 (commencing with Section
23 475) of the Business and Professions Code. In addition to
24 satisfying the approval, compliance, and enforcement provisions
25 of this chapter, the bureau shall also comply with and exercise all
26 authority granted by Division 1 (commencing with Section 100)
27 and Division 1.5 (commencing with Section 475) of the Business
28 and Professions Code.

29 (b) The bureau shall establish a regular inspection program
30 ~~which~~ *that* shall include unannounced inspections.

31 (c) If the bureau determines after an investigation that an
32 institution has violated this chapter or any of the regulations
33 adopted by the bureau, the bureau may do any or all of the
34 following:

35 (1) Place the institution on probation.

36 (2) Issue an order prohibiting the enrollment of new students.

37 (3) Issue an administrative citation and impose an
38 administrative fine as authorized by, and in accordance with,
39 Section 94957 of this code or Section 146, 147, or 148 of the
40 Business and Professions Code.

(4) Issue an order of abatement or citation pursuant to Section 125.9 or 148 of the Business and Professions Code.

(5) Initiate proceedings under the Administrative Procedure Act or this chapter to revoke or suspend the institution's approval to operate.

(6) With the consent of the institution, refer an adjudicative proceeding to mediation, or binding or nonbinding arbitration, in accordance with the regulations of the Office of Administrative Hearings, the ~~department~~ *California Postsecondary Education Commission*, or the bureau.

(7) Order reimbursement of the costs of the investigation and enforcement in accordance with Section 94935 of this code or Section 125.3 of the Business and Professions Code. An institution shall not be required to pay the same costs and expenses to more than one investigating entity.

(8) Notify the telephone company to disconnect the institution's telephone as authorized by Section 149 of the Business and Professions Code.

SEC. 70. Section 94804 of the Education Code is amended to read:

94804. (a) The review of a private postsecondary educational institution's original application for approval, or a renewal application to the ~~council~~ *bureau*, or an approved institution already in operation, shall include a determination of the institution's financial responsibility. An institution shall be considered financially responsible if it has sufficient assets to do all of the following:

(1) Provide the educational services stated in its official publications and statements.

(2) Comply with the standards and requirements specified in Article 8 (commencing with Section 94900), Article 9 (commencing with Section 94915), or Article 9.5 (commencing with Section 94931), whichever is applicable.

(3) Provide the administrative and financial resources to fully comply with this article.

(4) Comply with any applicable provisions of Section 94855.

(b) An institution shall not be considered financially responsible under any of the following conditions:

(1) The institution fails to have available sufficient funds and accounts receivable to pay all operating expenses due within 30

1 days. For the purpose of this paragraph, “funds” means cash or
2 assets that can be converted into cash within seven days.

3 (2) Under generally accepted accounting principles, the
4 institution had, at the end of its latest fiscal year, a ratio of current
5 assets to current liabilities of less than 1.25 to 1. For the purpose
6 of this paragraph, “current assets” does not include any of the
7 following: (A) intangible assets, including goodwill, going
8 concern value, organization expense, startup costs, long-term
9 prepayment of deferred charges, and nonreturnable deposits, or
10 (B) state or federal grant funds that are not the property of the
11 institution but are held for future disbursement for the benefit of
12 students. Unearned tuition shall be accounted for in accordance
13 with generally accepted accounting principles. When another
14 government agency requires an institution to file annual financial
15 audit prepared by a certified public accountant, that agency’s
16 current ratio standard may apply in lieu of the ratio specified in this
17 paragraph if the ratio of current assets to current liabilities under
18 that standard is 1 to 1 or greater.

19 (c) (1) In determining an institution’s compliance with
20 subdivision (a), the ~~council~~ *bureau*, at the institution’s request,
21 may consider the financial resources of a parent corporation if the
22 parent corporation files with the ~~council~~ *bureau*, and at all times
23 complies with, an irrevocable and unconditional agreement
24 approved by its board of directors that satisfies all of the
25 requirements of paragraph (2):

26 (2) The agreement described in paragraph (1) shall provide that
27 the parent corporation do all of the following:

28 (A) Consent to be sued in California.

29 (B) Consent to be subject to the administrative jurisdiction of
30 the ~~council and the Student Aid Commission~~ *bureau* in connection
31 with the institution’s compliance with this chapter.

32 (C) Appoint an agent for service of process in California and
33 all notices required by this chapter.

34 (D) Agree to pay any refund, claim, penalty, or judgment that
35 the institution is obligated to pay.

36 (E) File financial reports, maintain financial records, and
37 permit the inspection and copying of financial records to the same
38 extent as is required of the institution.

(3) For the purposes of this subdivision, a “parent corporation” means a corporation that owns more than 80 percent of the stock of the institution whose financial resources are at issue.

(d) (1) If the ~~council~~ *bureau* determines that an institution is not financially responsible, the ~~council~~ *bureau*, under terms and conditions prescribed by the council, may require the institution to submit for its latest complete fiscal year and its current fiscal year, each of the following:

~~(1)~~

(A) A financial audit of the institution conducted by a licensed certified public accountant, in accordance with generally accepted auditing standards.

~~(2)~~

(B) The institution’s financial plan for establishing financial responsibility.

~~(3)~~

(C) Any other information requested by the ~~council~~ *bureau*.

~~This~~

(2) *This* subdivision does not prevent the ~~council~~ *bureau* from taking any other actions authorized under this chapter.

SEC. 71. Section 94835 of the Education Code is amended to read:

94835. (a) The ~~council~~ *bureau* shall review and investigate all institutions, programs, and courses of instruction approved under this chapter. Consideration in the scheduling of reviews and investigations shall be afforded to student complaints and information collected by the Attorney General, the ~~Student Aid Commission~~, any board within the Department of Consumer Affairs, or any other federal, state, or local agency. The ~~council~~ *bureau* also shall conduct periodic unannounced reviews and investigations of institutions to determine compliance with this chapter.

(b) At the ~~council’s~~ *bureau’s* request in connection with an investigation to determine compliance with this chapter, an institution, during its normal business hours, shall immediately make available for inspection and copying all records required to be maintained by this chapter or that relate to the institution’s compliance with this chapter and permit the ~~council’s~~ *bureau’s* representatives to have immediate access to the institution’s primary administrative location and sites of instruction during the

1 institution's normal business hours to examine and copy these
2 records, to inspect the institution's physical facilities, equipment,
3 library and other learning resources, and to interview school
4 administrators, faculty, and students.

5 (c) The approval to operate shall be issued to the owners or the
6 governing body of the applicant institution, and shall be
7 nontransferrable. Any person that makes a proper application and
8 complies with this chapter and each standard and regulation
9 pertaining to this chapter shall be qualified to receive an approval
10 to operate or an approval of the transfer of ownership.

11 SEC. 72. Section 94846 of the Education Code is amended to
12 read:

13 94846. (a) If a shift in control or change of ownership of an
14 institution occurs, an application for a new approval to operate for
15 the institution under the changed ownership or control shall be
16 filed with the ~~council~~ bureau at least 20 days prior to the shift in
17 control or change in ownership. Whenever an institution is
18 operated at different locations, an application for approval shall be
19 filed for each location.

20 (b) The application for approval to operate submitted in
21 conjunction with a change of ownership may include pertinent
22 portions of the institution's previous application prepared in
23 connection with programs or courses of instruction that remain
24 unchanged or unaffected by the change in ownership.

25 (c) No application for ownership or transfer of ownership shall
26 be approved for any applicant that has been found previously in
27 any judicial or administrative proceeding to have violated this
28 chapter, or if there exists any of the grounds for denial set forth in
29 Section 480 of the Business and Professions Code.

30 (d) No change in ownership of the institution shall be made
31 until the application is approved. If an application for a new
32 approval to operate is not timely filed as required by this section,
33 the institution's approval to operate shall terminate. ~~Upon~~
34 ~~approval of a change in ownership, the council shall give written~~
35 ~~notice to the Student Aid Commission.~~

36 (e) For the purposes of this section, a change in ownership
37 occurs when there is a change of control of the institution, or where
38 a person that previously did not own at least 25 percent of the stock
39 or controlling interest of an institution or its parent corporation,
40 acquires ownership of at least 25 percent of the stock of the

1 institution or its parent corporation, or when a for-profit business
2 converts to nonprofit corporation status or forms a nonprofit
3 corporation as a subsidiary to provide the educational services for
4 which the for-profit business is approved to operate.

5 SEC. 73. Section 94855 of the Education Code is amended to
6 read:

7 94855. (a) As a condition of maintaining its approval to
8 operate, an institution offering any educational programs or
9 educational services subject to this article shall meet the following
10 financial resource requirements in addition to the financial
11 requirements of Section 94804.

12 (1) Satisfy minimum standards prescribed by Section 94900,
13 94905, or 94915, whichever is applicable.

14 (2) Provide the education, training, skill, and experience that
15 the institution, in any manner represented it would provide.

16 (3) Pay timely refunds as required by Sections 94867, 94869,
17 94870, 94873, and 94877.

18 (b) (1) In determining an institution's compliance with
19 subdivision (a), the ~~council~~ *bureau*, at the institution's request,
20 may consider the financial resources of a parent corporation if the
21 parent corporation files with the ~~council~~ *bureau*, and at all times
22 complies with, an irrevocable and unconditional agreement
23 approved by its board of directors that satisfies all of the
24 requirements of paragraph (2).

25 (2) The agreement described in paragraph (1) shall provide that
26 the parent corporation do all of the following:

27 (A) Consent to be sued in California.

28 (B) Consent to be subject to the administrative jurisdiction of
29 the council and the ~~Student Aid Commission~~ *bureau* in connection
30 with the institution's compliance with this chapter.

31 (C) Appoint an agent for service of process in California and
32 all notices required by this chapter.

33 (D) Agree to pay any refund, claim, penalty, or judgment that
34 the institution is obligated to pay.

35 (E) File financial reports, maintain financial records, and
36 permit the inspection and copying of financial records to the same
37 extent as is required of the institution.

38 (3) For the purposes of this subdivision, a "parent
39 corporation" means a corporation that owns more than 80 percent
40 of the stock of the institution whose financial resources are at issue.

(c) If an institution does not comply with Section 94804, the council bureau may do any or any combination of the following:

(1) Require the institution to establish and implement a financial plan to ensure compliance with Section 94804.

(2) Require the institution to post satisfactory security for the performance of its financial obligations pursuant to Section 94804.

(3) Require the institution to furnish additional information such as an audit report of financial statements prepared by a California licensed certified public accountant who is not an employee, officer, or director of the institution.

(4) Proceed pursuant to Section 94879.

(d) In any action or proceeding involving an institution's failure to comply with Section 94804, there shall be a presumption affecting the burden of proof that the institution does not have sufficient financial resources if the institution fails to meet any of the standards set forth in Section 94804.

SEC. 74. Section 94870 of the Education Code is amended to read:

94870. (a) (1) Except as provided in paragraph (2), the refund to be paid to a student for a program of instruction subject to this article shall be calculated as follows:

(A) Deduct a registration fee not exceeding seventy-five dollars (\$75) from the total tuition charge.

(B) Divide this figure by the number of hours in the program.

(C) The quotient is the hourly charge for the program.

(D) The amount owed by the student for purposes of calculating a refund is derived by multiplying the total hours attended by the hourly charge for instruction.

(E) The refund would be any amount in excess of the figure derived in subparagraph (D) that was paid by the student.

(F) The refund amount shall be adjusted as provided in subdivision (b) or (c) for equipment, if applicable.

(2) For an educational service offered by home study or correspondence, the refund shall be the amount the student paid for lessons less a registration fee not exceeding seventy-five dollars (\$75), multiplied by a fraction, the numerator of which is the number of lessons for which the student has paid but which the student has not completed and submitted, and the denominator of which is the total number of lessons for which the student has paid.

1 The refund amount shall be adjusted as provided in subdivision (b)
2 or (c) for equipment and as provided in subdivision (d) for resident
3 instruction, if applicable.

4 (3) Notwithstanding any provision in any agreement, all of the
5 following shall apply:

6 (A) All amounts that the student has paid, however
7 denominated, shall be deemed to have been paid for instruction,
8 unless the student has paid a specific charge for equipment set forth
9 in the agreement for the program of instruction.

10 (B) In the case of an educational service offered by home study
11 or correspondence, all amounts that the student has paid, however
12 denominated, shall be deemed to have been paid for lessons unless
13 the student has paid a specific charge for equipment or resident
14 instruction as set forth in the agreement for the educational service.

15 (C) The total number of hours necessary to complete each
16 lesson of home study or correspondence instruction shall be
17 substantially equivalent to each other lesson unless otherwise
18 permitted by the ~~council~~ bureau.

19 (D) An equal charge shall be deemed to have been made for
20 each hour of instruction or each lesson.

21 (b) If the institution specifies in the agreement a separate
22 charge for equipment that the student actually obtains, and the
23 student returns that equipment in good condition, allowing for
24 reasonable wear and tear, within 30 days following the date of the
25 student's withdrawal, the institution shall refund the charge for the
26 equipment paid by the student. If the student fails to return that
27 equipment in good condition, allowing for reasonable wear and
28 tear, within 30 days following the date of the student's withdrawal,
29 the institution may offset against the refund calculated under
30 subdivision (a) the documented cost to the institution of that
31 equipment. The student shall be liable for the amount, if any, by
32 which the documented cost for equipment exceeds the refund
33 amount calculated under subdivision (a). For the purpose of this
34 subdivision, equipment cannot be returned in good condition if the
35 equipment cannot be reused because of clearly recognized health
36 and sanitary reasons and this fact is clearly and conspicuously
37 disclosed in the agreement.

38 (c) If the institution specifies in the agreement a separate charge
39 for equipment, which the student has not obtained at the time of

1 the student's withdrawal, the refund also shall include the amount
2 paid by the student that is allocable to that equipment.

3 (d) If an agreement for educational service offered by home
4 study or correspondence includes a separate charge for resident
5 instruction, which the student has not begun at the time of the
6 student's withdrawal, the institution shall refund the charge for the
7 resident instruction paid by the student. If the student withdraws
8 from the educational service after beginning the resident
9 instruction, the institution shall pay a refund equal to the amount
10 the student paid for the resident instruction multiplied by a
11 fraction, the numerator of which is the number of hours of resident
12 instruction which the student has not received but for which the
13 student has paid, and the denominator of which is the total number
14 of hours of resident instruction for which the student has paid.

15 (e) For the purpose of determining a refund under this section,
16 a student shall be deemed to have withdrawn from a program of
17 instruction when any of the following occurs:

18 (1) The student notifies the institution of the student's
19 withdrawal or of the date of the student's withdrawal, whichever
20 is later.

21 (2) The institution terminates the student's enrollment as
22 provided in the agreement.

23 (3) The student has failed to attend classes for a three-week
24 period. For the purpose of subdivision (a) of Section 94869 and for
25 determining the amount of the refund, the date of the student's
26 withdrawal shall be deemed the last date of recorded attendance.
27 For the purpose of determining when the refund must be paid
28 pursuant to subdivision (b) of Section 94869, the student shall be
29 deemed to have withdrawn at the end of the three-week period.

30 (4) The student has failed to submit three consecutive lessons
31 or has failed to submit a completed lesson within 60 days of its due
32 date as set by an educational service offered by home study or
33 correspondence. For the purpose of this paragraph, the date of the
34 student's withdrawal shall be deemed to be the date on which the
35 student submitted the last completed lesson.

36 (f) An institution shall have the burden of proof to establish the
37 validity of the amount of every refund. The institution shall
38 maintain records for five years of all the evidence on which the
39 institution relies.

(g) Any institution that meets each of the criteria in paragraph (1) shall be subject to the refund requirements in this section only for those students who withdraw from a course of instruction after having completed 60 percent or less of the course of instruction.

(1) To qualify under this subdivision, an institution shall submit to the bureau a compliance report prepared by a certified public accountant, who is not an officer, director, shareholder, or employee of the institution, any parent corporation, or any subsidiary, prepared pursuant to an attestation engagement in accordance with the Statements on Standards for Attestation Engagements of the American Institute of Certified Public Accountants, which states that for a period of two years prior to the compliance report, the beginning and ending dates of which shall be determined by the bureau, the institution has:

(A) Complied with Section 94824 or subdivision (b) of Section 94869 and with this section for refunds owed by the institution.

(B) Complied with subdivision (b) of Section 94854 for each of the two years covered by the audit except that:

(i) The institution shall have an aggregate completion rate of 70 percent or more pursuant to paragraph (1) of subdivision (b) of Section 94854.

(ii) The institution shall have an aggregate placement rate of 80 percent or more pursuant to paragraph (2) of subdivision (b) of Section 94854.

(iii) As an alternative to clauses (i) and (ii), the institution shall have a combined aggregate completion and placement rate of 56 percent or more.

(iv) In attesting to the institution's compliance with the requirements of this subparagraph, the certified public accountant, at a minimum, shall review a random statistically valid sample of the students to whom the institution owed a refund, the students counted by the institution towards its completion rate and its placement rate, and the students excluded from the calculation of the completion and placement rates, review the institution's placement log or files and contact students and employers to verify information in the placement records, whether the student was employed in the job for which the training was represented to lead, and whether the student was employed for at least 60 days.

(2) (A) The bureau shall review the compliance report submitted by the institution pursuant to this subdivision.

1 (B) The bureau shall review any complaints against the
2 institution by current or former students, any civil lawsuit in which
3 the institution is a defendant or any lawsuit, action, charges,
4 proceeding, or investigation by any government agency or any
5 accrediting agency in which the institution is a party which were
6 filed, pending, or resolved during the two-year period covered by
7 the compliance report. After reviewing ~~such~~ *these* complaints,
8 lawsuits, actions, charges, proceedings, or investigations, as well
9 as any other information available to the bureau and performing
10 whatever other investigation it deems appropriate, the bureau shall
11 make a determination, in writing, of whether the institution has
12 materially violated Section 94831, 94832, 94834, 94853, 94859,
13 94860, 94866, 94868, 94869, 94870, 94871, 94873, 94875,
14 94881, or their predecessor sections, based on a preponderance of
15 the evidence. The bureau's determination shall contain a summary
16 of the evidence relied upon in making the determination and the
17 sections for which a material violation exists. The bureau's
18 determination shall have no probative value in connection with
19 any lawsuits, actions, charges, or proceedings pending before any
20 court or any other agency.

21 (C) If the bureau determines that the institution has met all of
22 the criteria in paragraph (1) and that no material violation exists
23 pursuant to subparagraph (B) of this paragraph, it shall notify the
24 institution that it qualifies under this subdivision. Following ~~such~~
25 *that* notification, the refund provisions of this subdivision shall
26 apply to the institution for a period of two years, unless revoked
27 by the bureau.

28 (D) If the bureau determines that the institution has not met all
29 of the criteria in paragraph (1) or that a material violation exists
30 pursuant to subparagraph (B) of this paragraph, it shall notify the
31 institution that it does not qualify under this subdivision.

32 (E) The institution shall receive notice of any determination
33 with a summary of evidence pursuant to this paragraph and, if
34 requested in writing, a hearing. The institution may appeal the
35 bureau's adverse decision under this paragraph. To the extent
36 feasible, the bureau shall adopt regulations to provide for a
37 streamlined appeal process for purposes of appeals pursuant to this
38 subparagraph. Pending resolution of the appeal, the institution is
39 not eligible to qualify under this subdivision. If the institution
40 prevails on appeal, it may obtain relief limited to a determination



that it is eligible for the refund provisions of this subdivision at the next time when it starts new students in its programs following the determination of the appeal. If the institution does not prevail on appeal, it may not seek to qualify under this subdivision for one year following the determination of the appeal.

(3) Prior to notifying an institution pursuant to paragraph (2), the bureau shall adopt regulations to implement this subdivision, including regulations to establish the dates each year for submission of compliance reports by institutions, notification of institutions by the bureau of the applicable refund policy for the institution, the effective date of that refund policy, appropriate standards and procedures for conducting any review by a certified public accountant or any other person pursuant to this subdivision, including a description of the information and materials to be reviewed and appropriate standards for review which shall be based on the American Institute of Certified Public Accountants' Statements on Standards for Attestation Engagements.

(4) (A) Any institution that has been notified by the bureau that it qualifies for the refund provisions in this subdivision shall lose its qualification if the bureau determines either of the following:

(i) The institution has materially violated Section 94831, 94832, 94834, 94853, 94859, 94860, 94866, 94868, 94869, 94870, 94871, 94873, 94875, or 94881, or has failed to meet the criteria in paragraph (1) during the period covered by the compliance report upon which the bureau based its determination of qualification.

(ii) The institution has been found by any court, or by any other governmental agency in any proceeding, to have violated any of the provisions set forth in clause (i), and that violation was material or the institution has been found by any court or any other governmental agency in any proceeding, to have failed to meet the criteria in paragraph (1) during the period covered by the compliance report upon which the bureau based its determination of eligibility.

(B) If the bureau, a court, or other government agency finds that the institution willfully supplied information required by this subdivision which it knew or should have known was inaccurate or misleading, the institution's approval to operate may be subject to termination, suspension, or probation.

1 (C) The institution shall receive notice of any determination
2 with a summary of evidence and, if requested in writing, a hearing
3 prior to any action being taken pursuant to this paragraph. To the
4 extent feasible, the bureau shall adopt regulations to provide for a
5 streamlined appeal process for purposes of appeals pursuant to this
6 subparagraph. Pending resolution of the appeal, the institution
7 may not reapply pursuant to paragraph (9). If the institution
8 prevails on appeal, it may obtain relief limited to a determination
9 that it continues to qualify under this subdivision for the period of
10 time covered by the bureau's most recent determination of
11 qualification. If the institution does not prevail on appeal, the
12 institution may not seek to qualify for the refund provisions of this
13 subdivision for three years following the determination of the
14 appeal and shall be subject to the refund requirements in
15 subdivision (a), and not the refund provisions in this subdivision,
16 for all students who enrolled during the entire time period covered
17 by the bureau's most recent determination of qualification.

18 (D) The penalties in this paragraph supplement, but do not
19 supplant, any other sanction or remedy allowed by law.

20 (5) If an institution does not qualify under this subdivision
21 because it fails to meet the requirement of subparagraph (A) of
22 paragraph (1) by three students out of all students to whom it owed
23 refunds during the period examined by the compliance report or
24 1 percent of all students to whom it owed refunds during the period
25 covered by the compliance report, whichever is greater, the bureau
26 may determine that the institution qualifies under this subdivision.

27 (6) The certified public accountant shall submit any initial
28 compliance report prepared pursuant to this subdivision to both the
29 institution and the bureau. The institution shall submit any
30 comments, suggested corrections, or exceptions to the initial
31 compliance report to the certified public accountant and the
32 bureau. The certified public accountant shall submit a final
33 compliance report to both the institution and the bureau. The
34 certified public accountant shall maintain possession of all work
35 papers for a period of five years following completion of the final
36 compliance report. The bureau shall make a copy of the
37 compliance report available to any student, prospective student, or
38 former student of the institution upon request.

39 (7) If the bureau determines that the institution has met the
40 criteria in this subdivision based on the information contained in



1 a compliance report prepared by a certified public accountant
2 pursuant to this subdivision, *all of* the following shall be deemed
3 to be the intended beneficiaries of that compliance report:

4 (A) The bureau.

5 (B) ~~The Student Aid Commission.~~

6 ~~(C) The United States Department of Education.~~

7 ~~(D) —~~

8 (C) Any student who enrolls in the institution during the time
9 period the institution qualifies under this subdivision.

10 (8) In lieu of the attestation engagement referred to in
11 paragraph (1), an institution that qualifies as a small institution
12 under this paragraph may show that it has complied with each of
13 the criteria in paragraph (1) pursuant to a review performed by the
14 bureau, or any other alternative review that meets all of the
15 requirements for an attestation by a certified public accountant
16 pursuant to this subdivision which shall conform with the bureau's
17 regulations. If the bureau performs the review requested by the
18 institution, the institution shall pay the bureau all of its costs and
19 expenses associated with conducting the review. The bureau shall,
20 by regulation, define "small institution" for the purposes of this
21 paragraph in terms of assets, number of students, gross revenues,
22 other appropriate criteria, as determined by the bureau, or any
23 combination thereof.

24 (9) An institution may apply to the bureau for a renewal of the
25 bureau's determination that the institution qualifies under this
26 subdivision subject to the same terms and conditions as required
27 for the bureau's initial determination.

28 (10) If an institution qualifies under this subdivision, it shall
29 disclose that refund policy in any disclosure, catalogue, notice, or
30 agreement in which disclosure of a refund policy is required by this
31 chapter. The institution may not state in any advertising,
32 disclosure, catalogue, notice, or agreement that it qualifies for a
33 "good school" or a "high performance" exemption, that it
34 qualifies for a "good school" or "high performance" refund
35 policy, or that it has been determined by the state to be a "good
36 school" or a "high performing school," or use any similar words
37 or phrases.

38 (11) If a request for approval under this subdivision is filed
39 concurrently with an initial or renewal application, no additional
40 fees shall be charged. If a request for approval is not filed

1 concurrently with an initial or renewal application, fees shall be
2 charged as authorized by Section 94932 and the bureau's
3 regulations.

4 SEC. 75. Section 94874 of the Education Code is amended to
5 read:

6 94874. (a) Every institution shall maintain for a period of not
7 less than five years at its principal place of business in California
8 accurate records that show all of the following:

9 (1) The names, telephone numbers, and home and local
10 addresses of each student.

11 (2) The courses of instruction offered by the institution and the
12 curriculum for each course.

13 (3) The name, address, and educational qualifications of each
14 member of its faculty.

15 (4) The information required by subdivision (j) of Section
16 94854 and subdivision (b) of Section 94859.

17 (5) All information and records required by this chapter or
18 required by the ~~council~~ bureau.

19 (b) All records that an institution is required to maintain by this
20 chapter or that relate to the institution's compliance with this
21 chapter shall be made immediately available by the institution for
22 inspection and copying during normal business hours by the
23 ~~council bureau~~, the Attorney General, *and* any district attorney or
24 city attorney, ~~and the Student Aid Commission~~.

25 (c) An institution shall make available to a student, or a person
26 designated by the student, all of the student's records, except for
27 transcripts of grades as described in subdivision (d) and (e).

28 (d) As provided in Section 94948, an institution may withhold
29 a student's transcript or grades if the student is in default on a
30 student tuition contract.

31 (e) If the student has made partial payment of his or her tuition
32 obligation, the institution may only withhold that portion of the
33 grades or transcript that corresponds to the amount of tuition or
34 loan obligation that the student has not paid. If the course of study
35 consists of only one course, the institution may withhold the grades
36 or the transcript until the tuition or loan obligation is paid in full.

37 (f) Each institution shall be deemed to have authorized the
38 accrediting agency that accredited the institution to provide to the
39 ~~council bureau~~, the Attorney General, *and* any district attorney or
40 city attorney, ~~or the Student Aid Commission~~, within 30 days of

1 written notice, copies of all documents and other material
2 concerning the institution that is maintained by the accrediting
3 agency.

4 (g) Within 30 days of receiving written notice from the ~~council~~
5 ~~bureau~~, the Attorney General, *and* any district attorney or city
6 attorney, ~~or the Student Aid Commission~~, an accrediting agency
7 shall provide the requesting official with all documents or other
8 material concerning an institution accredited by that accrediting
9 agency that are designated specifically or by category in the
10 written notice.

11 (h) If the ~~council~~ *bureau*, the Attorney General, *or* any district
12 attorney or city attorney, ~~or the Student Aid Commission~~ is
13 conducting a confidential investigation of an institution and so
14 informs the accrediting agency, the accrediting agency shall not
15 inform that institution of the investigation.

16 (i) If an accrediting agency willfully fails to comply with this
17 section, the accrediting agency shall be liable for a civil penalty of
18 not less than two thousand five hundred dollars (\$2,500) or more
19 than twenty-five thousand dollars (\$25,000) for each violation.
20 Penalties awarded pursuant to this section shall be deposited in the
21 Private Postsecondary and Vocational Education Administration
22 Fund or any successor fund.

23 SEC. 76. Section 94878 of the Education Code is amended to
24 read:

25 94878. (a) An institution is legally authorized to provide
26 courses of instruction if the institution complies with both this
27 article and Sections 94831, 94832, and 94985, or former Section
28 94320 as that section was in effect on January 1, 1991, has received
29 approval from the ~~council~~ *bureau*, and has not been found to be in
30 violation of this article by the ~~council~~, ~~the Student Aid~~
31 ~~Commission~~, *bureau* or a court. No institution shall offer any
32 course of instruction if the institution's approval to offer that
33 course of instruction has been suspended or revoked.

34 (b) (1) The ~~council~~ *bureau*, after notice and, if requested by
35 the institution, a hearing as provided in Section 94965 or 94975,
36 may suspend or revoke an institution's approval to operate or
37 approval to operate a branch or satellite campus or may order that
38 an institution cease offering a class or course of instruction because
39 of any violation of this article, Section 94831, 94832, or 94985, or

former Section 94320 as that section was in effect on January 1, 1991, or any regulation or order issued pursuant to this article.

(2) If the ~~council~~ *bureau* takes any of the actions described in paragraph (1), the ~~council~~ *bureau* may permit the institution to continue to offer the class or course of instruction to students already enrolled or may order the institution to cease instruction and provide a refund of tuition and all other charges to students.

(c) If the ~~council~~ *bureau* determines after notice and if requested by the institution, a hearing, that an institution has violated this article, Section 94831, 94832, or 94985, or former Section 94320 as that section was in effect on January 1, 1991, but that the institution's approval to operate, or approval to operate a branch or satellite campus should not be suspended or revoked, or that the institution should not be ordered to cease offering a class or program of instruction, the ~~council~~ *bureau* may do any or all of the following:

(1) Place the institution, or branch or satellite campus, on probation under reasonable terms and conditions for a specified period of time not to exceed two years.

(2) Order the institution to post a bond.

(3) Order the institution not to enter into new agreements for courses of instruction.

(d) During the period of probation, the institution, or the branch or satellite or both the institution and the branch or satellite campus, shall be subject to monitoring that may include the required submission of periodic reports, as prescribed by the ~~council~~ *bureau* and special onsite inspections to determine progress toward compliance. The onsite inspections may include an inspection of the institution's facilities and records, interviews of administrators, faculty, and students, and observation of class instruction. The ~~council~~ *bureau* shall order the institution to reimburse all reasonable costs and expenses incurred by the ~~council~~ *bureau* in connection with this subdivision. The ~~council~~ *bureau* may make the payment of the order for reimbursement a condition of probation.

(e) If, at the period of probation, the ~~council~~ *bureau* is not satisfied with the steps taken by the institution to eliminate the violations of this article, Sections 94831, 94832, and 94985, or former Section 94320 as that section was in effect on January 1, 1991, upon which the probation was based, the ~~council~~ *bureau*

1 may revoke the institution's approval to operate or the institution's
2 approval to operate a branch or satellite campus.

3 (f) The ~~council~~ *bureau* may assess a penalty of up to ten
4 thousand dollars (\$10,000) as part of a probation order for
5 violations of this article, Sections 94831, 94832, and 94985, or
6 former Section 94320 as that section was in effect on January 1,
7 1991. In determining the amount of that penalty, the ~~council~~
8 *bureau* shall consider the number and gravity of the violations, the
9 degree of the institution's good faith or culpability, the history of
10 the institution's previous violations, and the institution's ability to
11 pay. If the institution fails to pay a penalty within the time
12 prescribed by the ~~council~~ *bureau* the institution's approval to
13 operate the institution, or approval to operate a branch or satellite
14 campus, shall be automatically suspended until the penalty is paid
15 in full.

16 (g) (1) Any bond ordered by the ~~council~~ *bureau* shall be issued
17 by an admitted surety insurer in an amount established at the
18 discretion of the ~~council~~ *bureau* that is sufficient to protect
19 students from the potential consequences of the violation.

20 (2) The bond shall be in favor of the State of California for the
21 indemnification of any person for any loss, including the loss of
22 prepaid tuition, suffered as a result of the occurrence of any
23 violation of this chapter during the period of coverage.

24 (3) Liability on the bond may be enforced after a hearing before
25 the ~~council~~ *bureau*, after 30 days' advance written notice to the
26 principal and surety. The ~~council~~ *bureau* shall adopt regulations
27 establishing the procedure for administrative enforcement of
28 liability. This paragraph supplements, but does not supplant, any
29 other rights or remedies to enforce liability on the bond.

30 (4) The ~~council~~ *bureau* may order the institution to file reports
31 at any interval the council deems necessary to enable the council
32 to monitor the adequacy of the bond coverage and to determine
33 whether further action is appropriate.

34 (h) The ~~council~~ *bureau* shall determine an institution's
35 compliance, including the compliance of its branch and satellite
36 campuses, with this article, Sections 94831, 94832, and 94985, or
37 former Section 94320 as that section was in effect on January 1,
38 1991, and shall not be bound by the findings or conclusions of any
39 accrediting agency.

(i) The ~~council~~ *bureau* may revoke the approval to operate of any institution that fails to pay an order imposing a penalty or an order for the reimbursement of costs and expenses. The ~~council~~ *bureau* may enforce any administrative order requiring the payment of money in the same manner as if it were a money judgment pursuant to Title 9 (commencing with Section 680.010) of Part 1 of the Code of Civil Procedure. All penalties and reimbursements paid pursuant to this section shall be deposited in the vocational education account in the Private Postsecondary and Vocational Education Administration Fund established pursuant to Section 94932.

(j) Proceedings by the ~~council~~ *bureau* under this section shall be conducted in accordance with regulations adopted by the ~~council~~ *bureau* or, if there are no regulations establishing hearing procedures, Section 94965 or 94975, and the ~~council~~ *bureau* shall have all of the powers granted therein.

SEC. 77. Section 94920 of the Education Code is amended to read:

94920. (a) Each individual submitting an application for a certificate of authorization for service, pursuant to paragraph (3) of subdivision (b) of Section 94915, shall provide the ~~council~~ *bureau* with the following information:

(1) A completed application as supplied by the ~~council~~ *bureau*.

(2) Certified copies of educational transcripts, where applicable.

(3) Verified employment history.

(4) Other documentation of prior experience or education as required by the ~~council~~ *bureau* for verification.

(b) To be eligible for a certificate of authorization for service, the applicant shall fulfill the following requirements:

(1) Instructors shall have all of the following qualifications:

(A) No record of any violations of this chapter.

(B) Verification that he or she possesses a combination of at least three years' experience and training or education in the occupation or job title category for which the certification is sought.

(C) An instructor for a program that leads to a degree shall possess a degree of equal or higher level in the occupation for which certification is sought.

(2) Directors shall have both of the following qualifications:

1 (A) Three years' experience in an administrative position in a
2 public or an approved private postsecondary school.

3 (B) No record of any violations of this chapter.

4 (3) Associate directors shall have both of the following
5 qualifications:

6 (A) Two years' experience in an administrative or other
7 responsible position in a public or state approved private
8 postsecondary school.

9 (B) No record of any violations of this chapter.

10 (4) Financial aid directors shall have all of the following
11 qualifications:

12 (A) Five years' experience in an administrative position in the
13 financial aid office of a public or approved private postsecondary
14 school.

15 (B) Verification of completion within the previous two years of
16 a training seminar or workshop certified by the ~~Student Aid~~
17 *California Postsecondary Education* Commission as providing
18 up-to-date comprehensive information on financial aid programs
19 and policies.

20 (C) No record of any violations of this chapter.

21 (D) Any other requirements the ~~council~~ *bureau* deems
22 necessary.

23 (5) Financial aid officers shall possess all of the following
24 qualifications:

25 (A) Verification of completion within the previous two years of
26 a training seminar or workshop certified by the ~~Student Aid~~
27 *California Postsecondary Education* Commission as providing
28 up-to-date comprehensive information on financial aid programs
29 and policies.

30 (B) No record of any violations of this chapter.

31 (C) Other requirements the ~~council~~ *bureau* deems necessary.

32 (c) An individual who is the sole owner of an institution may
33 serve in the capacity of director for three years prior to meeting the
34 qualifications of subparagraph (A) of paragraph (2) of subdivision
35 (b).

36 (d) Any individual filling a position left vacant by a previously
37 certified financial aid director or financial aid officer shall verify
38 with the ~~council~~ *bureau* completion of the training referred to in
39 subparagraph (A) of paragraph (5) of subdivision (b) within one
40 year of accepting that position.

1 (e) Each individual certified for authorization for service in the
2 positions listed in paragraphs (1), (4), and (5) of subdivision (b)
3 shall maintain at each private postsecondary educational
4 institution where he or she is employed a validated transcript
5 evidencing the successful completion of three continuing
6 education units of recognized in-service training in their
7 education, job title category, or employment field during every
8 period of certification. These units may be completed through
9 in-service training offered by accrediting associations,
10 professional organizations, or ~~council-approved~~ *bureau-approved*
11 programs.

12 (f) Every certificate of authorization issued to a person who
13 possesses the qualifications described in paragraphs (1), (4), and
14 (5) of subdivision (b) shall be valid for a period of three years.

15 (g) In addition to the requirements set forth in this section, the
16 ~~council~~ *bureau* may impose additional requirements by
17 regulation.

18 SEC. 78. Section 94930 of the Education Code is amended to
19 read:

20 94930. (a) All institutions that were certified to offer flight
21 instruction by the Federal Aviation Administration (FAA) and that
22 operated in California on December 31, 1990, pursuant to prior
23 authority of subdivision (a) or (b) of former Section 94311, shall
24 receive approval from the ~~council~~ *bureau* for a period not to
25 exceed three years. On or before June 30, 1999, the ~~council~~ *bureau*
26 shall work in cooperation with the FAA to review each of these
27 institutions to determine whether the institution is in compliance
28 with the requirements of this chapter. It is the intent of the
29 Legislature that all institutions whose cumulative gross student
30 loan default rate is above 40 percent, as determined by the ~~Student~~
31 ~~Aid~~ *California Postsecondary Education Commission*, shall be
32 reviewed by the FAA and the ~~council~~ *bureau* to determine if these
33 institutions are in compliance with the requirements of this chapter
34 and should continue to be approved to offer educational programs
35 in California. It is further the intent of the Legislature that the
36 bureau develop a memorandum of understanding with the FAA to
37 delineate the responsibilities of each agency for the approval and
38 monitoring of these institutions that were operating on December
39 31, 1990, under the prior authority of subdivision (a) or (b) of
40 former Section 94311.

(b) Institutions certified to offer flight instruction by the FAA, or its successor agency, shall comply with all of the requirements of Sections 94800, 94810, 94814, and 94816, Sections 94820 to 94826, inclusive, and Sections 94828 and 94829 and Article 7 (commencing with Section 94850) if applicable, but shall not be required to file any materials with the ~~council~~ *bureau* that are not required by the FAA or its successor agency, except those minimally necessary to administer the Student Tuition Recovery Fund as determined by the ~~council~~ *bureau*. The responsibility for monitoring and enforcing institutional compliance for these institutions shall be with the ~~council~~ *bureau*.

(c) This chapter does not apply to individual flight instructors not requiring any advance payments, who do not negotiate a formal contract of indebtedness, and who do not have an established place of business other than their residences.

SEC. 79. Section 94931 of the Education Code is amended to read:

94931. (a) No private postsecondary educational institution, except those offering degrees and approved under Article 8 (commencing with Section 94900) or offering vocational and nondegree granting programs and approved under Article 9 (commencing with Section 94915), or those that are exempt from this chapter, may offer educational services or programs unless the institution has been registered by the bureau as meeting the requirements of this section.

(b) An institution approved to offer degrees under Article 8 (commencing with Section 94900) or approved to offer vocational and nondegree granting programs under Article 9 (commencing with Section 94915) may offer registered programs without affecting its status under either of those articles so long as the registered program is disclosed in its approval to operate application or the institution completes a registration application and receives specific authorization for the program, maintains compliance for all registered programs in conformity with this article, and maintains a set of student records for registered programs separate from its approved programs. Any registered institution that offers an educational program not specified in subdivision (c) or not otherwise exempt from this chapter shall be approved under Article 8 (commencing with Section 94900) or

Article 9 (commencing with Section 94915), and shall comply with this chapter.

(c) Except as otherwise provided in this article, this chapter does not apply to an educational service that qualifies for registration status and that complies with this article. The educational services that qualify for registration status are limited to:

(1) An educational service, as defined in Section 94733, that is offered to provide an intensive English language program.

(2) An educational service, as defined in Section 94742.1, that is offered to provide short-term career training.

(3) An educational service, as defined in Section 94742.2, that is offered to provide short-term seminar training.

(4) An educational service that is offered to assist students to prepare for an examination for licensure, except as provided in Section 94787.

(5) An educational service that consists of continuing education not otherwise exempt from this chapter.

(d) An institution that qualifies under any of paragraphs (1) to (4), inclusive, of subdivision (c) shall complete a registration form provided by the bureau, including a signed declaration by the chief executive officer of the institution under penalty of perjury, and provide all of the following information for public disclosure:

(1) The owner's legal name, headquarters address, and the name of an agent for the service of process within California.

(2) All names, whether real or fictitious, under which the owner is doing and will do business.

(3) The names and addresses of the principal officers of the institution.

(4) A list of all California locations at which the institution operates, its offerings, and, if previously registered, the number of students enrolled in California during the preceding year.

(5) A copy of the registration form or agreement that enrolls the student in the educational service that contains all of the following:

(A) The name and address of the location where instruction will be provided.

(B) The title of the educational program.

(C) The total amount the student is obligated to pay for the educational service.

1 (D) A clear and conspicuous statement that the enrollment
2 form or agreement is a legally binding instrument when signed by
3 the student and accepted by the institution.

4 (E) The refund policy developed by the institution unless this
5 article specifies a different refund policy.

6 (F) Unless this article specifies that the institution is required
7 to participate in the Student Tuition Recovery Fund, a statement
8 that the institution does not participate in that fund.

9 (G) In 10-point boldface type or larger, the following
10 statement: “Any questions or problems concerning this school that
11 have not been satisfactorily answered or resolved by the school
12 should be directed to the Bureau for Private Postsecondary and
13 Vocational Education ~~in the Department of Consumer Affairs~~
14 *under the administration of the California Postsecondary*
15 *Education Commission* (insert city, address, CA ZIP Code
16 number, and telephone number).”

17 (H) Schools approved under paragraph (1) of subdivision (c) of
18 Section 94931 shall also include with the statement required by
19 subparagraph (G) information referring the student to a consulate
20 of his or her country and the United States Immigration and
21 Naturalization Service.

22 (6) A brochure or catalog and a sample advertisement used to
23 promote the educational service.

24 (7) A copy of its certificate of completion.

25 (8) If the educational service offers short-term career training,
26 the institution shall comply with the requirements of Sections
27 94804 and 94806.

28 (9) If the institution assists students in obtaining financing from
29 a third party for the cost of the educational services at the
30 institution, a copy of the contract or finance agreement reflecting
31 that financing.

32 (e) The bureau shall establish the initial registration fee and the
33 annual fee to be paid by institutions registered under this article.
34 No institution shall be registered pursuant to this article unless it
35 has paid the appropriate fees required by the bureau. Upon receipt
36 of an institution’s initial application for registration for a program,
37 the bureau may conduct a site visit pursuant to subdivision (c) of
38 Section 94915.

39 (f) For the purposes of communication with other state
40 agencies, any organization or individual registered to offer

1 short-term seminar training may state that they are “authorized”
2 by the State of California.

3 (g) (1) Except as provided by subdivision (f), any institution
4 registered pursuant to this article shall be restricted to stating that
5 their training is “registered” with the State of California, and is
6 prohibited from using the words “approval,” “approved,”
7 “approval to operate,” “approved to operate,” “authorized,”
8 “licensed,” or “licensed to operate.”

9 (2) The institution shall place the following statement in all
10 brochures, catalogues, enrollment agreements, and registration
11 forms, in a conspicuous location in at least 12-point boldfaced
12 type:

13 “We are registered with the State of California. Registration
14 means we have met certain minimum standards imposed by the
15 state for registered schools on the basis of our written application
16 to the state. Registration does not mean we have met all of the more
17 extensive standards required by the state for schools that are
18 approved to operate or licensed or that the state has verified the
19 information we submitted with our registration form.”

20 (h) The bureau may require, at least every three years following
21 the initial registration date, that a registered institution verify all
22 or part of the information required to be provided with the
23 registration form under subdivision (d).

24 (i) Sections 94812 and 94818, Sections 94822 to 94825,
25 inclusive, and Sections 94829 to 94838, inclusive, and Sections
26 94841 and 94846 shall apply to any institution registered pursuant
27 to this article.

28 (j) Article 1 (commencing with Section 94700), Article 2
29 (commencing with Section 94710), Article 3 (commencing with
30 Section 94750), Article 3.5 (commencing with Section 94760),
31 Article 4 (commencing with Section 94770), and Article 13
32 (commencing with Section 94950) shall apply to any institution
33 registered pursuant to this article.

34 SEC. 80. Section 94948 of the Education Code is amended to
35 read:

36 94948. (a) (1) The governing board or other governing
37 authority of any private postsecondary or vocational educational
38 institution shall adopt rules providing for the withholding of
39 institutional services from students or former students who have
40 been notified, in writing, at the student’s or former student’s last

known address, that he or she is in default on a loan or loans under either of the following loan programs:

~~(1) The Stafford Student Loan program.~~

~~(2) The Supplemental Loans for Students program.~~

~~(3) Any program directly or indirectly financed by the California Educational Facilities Authority.~~

~~“Default,”~~

(2) (A) “Default,” as used in this section, with respect to a loan under the Stafford Student Loan program or Supplemental Loans for Students program means the failure of a borrower to make an installment payment when due, or to meet other terms of the promissory note under circumstances where the guarantee agency finds it reasonable to conclude that the borrower no longer intends to honor the obligation to repay, provided that this failure persists for 180 days for a loan repayable in monthly installments, or 240 days for a loan repayable in less frequent installments. ~~“Default,”~~

(B) “Default,” as used in this section, with respect to a program directly or indirectly financed by the California Educational Facilities Authority, means the failure of a borrower to make an installment payment when due, or to meet other terms of the loan, within that period and under the circumstances determined by the California Educational Facilities Authority with respect to that program.

(b) (1) The rules adopted pursuant to subdivision (a) shall provide that the services withheld may be provided during a period when the facts are in dispute and when the student or former student demonstrates to either the governing board or other appropriate governing authority of the institution, or the ~~Student Aid~~ *California Postsecondary Education* Commission and the appropriate entity or its designee, that reasonable progress has been made to repay the loan or that there exists a reasonable justification for the delay as determined by the institution. The rules shall specify the services to be withheld from the student and may include, but are not limited to, the following:

~~(1)–~~

(A) The provision of grades.

~~(2)–~~

(B) The provision of transcripts.

~~(3)–~~

(C) The provision of diplomas.

1 ~~The~~

2 (2) *The* rules shall not include the withholding of registration
3 privileges.

4 (c) When it has been determined that an individual is in default
5 on a loan or loans under either of the loan programs specified in
6 subdivision (a), the ~~Student Aid~~ *California Postsecondary*
7 *Education* Commission shall give notice of the default to all
8 institutions through which that individual acquired the loan or
9 loans.

10 (d) Guarantors, or those who act as their agents or act under
11 their control, who provide information to institutions pursuant to
12 this section, shall defend, indemnify, and hold harmless the
13 governing board or other governing authority of the institutions
14 from action resulting from compliance with this section when the
15 action arises as a result of incorrect, misleading, or untimely
16 information provided to the institution by the guarantors, their
17 agents, or those acting under the control of the guarantors.

18 SEC. 81. Section 94965 of the Education Code is amended to
19 read:

20 94965. (a) Proceedings in connection with the denial of an
21 application to operate, the grant of a conditional approval to
22 operate, or the revocation of an approval to operate shall be
23 conducted in accordance with Chapter 5 (commencing with
24 Section 11500) of Part 1 of Division 3 of Title 2 of the Government
25 Code, and the bureau shall have all of the powers granted in that
26 chapter. Any action by the bureau to place an institution on
27 probation shall be subject to appeal, and the bureau shall establish
28 procedures that provide the institution with adequate notice and an
29 opportunity to be heard and to present evidence as to why the
30 action recommended by staff or by a visiting committee shall not
31 be taken.

32 (b) Upon taking any action to suspend or revoke an institution's
33 approval to operate, or to deny an application for renewal of an
34 approval to operate, the bureau shall provide written notice to ~~the~~
35 ~~Student Aid Commission~~, the United States Department of
36 Education, and to any appropriate accrediting association.

37 SEC. 82. Section 94990 of the Education Code is repealed.

38 ~~94990. The bureau is subject to the sunset review process~~
39 ~~conducted by the Joint Legislative Sunset Review Committee~~
40 ~~pursuant to Division 1.2 (commencing with Section 473) of the~~

~~Business and Professions Code. Notwithstanding that this chapter does not specify that it will become inoperative on a specified date, the analyses, reports, public hearings, evaluations, and determinations required to be prepared, conducted, and made pursuant to Division 1.2 (commencing with Section 473) of the Business and Professions Code shall be prepared, conducted, and made in 2001 and every four years thereafter as long as this chapter is operative.~~

SEC. 83. Section 94995 of the Education Code is amended to read:

94995. (a) ~~Notwithstanding Section 7550.5 of the Government Code, on~~ On or before January 31 of each calendar year, the bureau shall submit a written report to the Legislature ~~and to the California Postsecondary Education Commission,~~ summarizing its activities during the previous fiscal year.

(b) Annual reports prepared pursuant to this section shall include, but shall not necessarily be limited to, all of the following:

(1) Timely information relating to the enforcement activities of the bureau pursuant to this chapter.

(2) Statistics providing a composite picture of the private postsecondary educational community, including data on how many schools, as classified by subject matter, and how many students there are within the scope of the activities of the bureau.

~~(c) Any reports submitted by the bureau to the Joint Legislative Sunset Review Committee pursuant to Division 1.2 (commencing with Section 473) of the Business and Professions Code during any calendar year shall satisfy the reporting requirements of this section for that year.~~

SEC. 84. Article 16 (commencing with Section 94999) of Chapter 7 of Part 59 of the Education Code is repealed.

SEC. 85. Section 127929 of the Health and Safety Code is amended to read:

127929. (a) The office shall administer the California Medical and Dental Student Loan Repayment Program of 2002. Any individual enrolled in an institution of postsecondary education participating in the program set forth in this article may be eligible to receive a conditional warrant for loan repayment, to be redeemed upon becoming employed as a physician or dentist in a medically underserved area or a dentally underserved area serving primarily medically or dentally underserved populations.

- 1 In order to be eligible to receive a conditional loan repayment
2 warrant, an applicant shall satisfy all of the following conditions:
- 3 (1) The applicant has been judged by his or her postsecondary
4 institution to have outstanding ability on the basis of criteria that
5 may include, but not be limited to, any of the following:
- 6 (A) Grade point average.
7 (B) Test scores.
8 (C) Faculty evaluations.
9 (D) Interviews.
10 (E) Other recommendations.
- 11 (2) In order to meet the costs associated with obtaining a
12 medical or dental degree, the applicant has received, or is approved
13 to receive, a loan under one or more of the following designated
14 loan programs:
- 15 (A) The Federal Family Education Loan Program (10 U.S.C.
16 Sec. 1071 et seq.).
- 17 (B) Any loan program approved by the ~~Student Aid~~ *California*
18 *Postsecondary Education* Commission.
- 19 (3) The applicant has agreed to provide services as a licensed
20 physician for up to three consecutive years, after obtaining a
21 license from the Medical Board of California in a medically
22 underserved area, or the applicant has agreed to provide services
23 as a licensed dentist for up to three consecutive years, after
24 obtaining a license from the Dental Board of California in a
25 dentally underserved area.
- 26 (4) The applicant has agreed to work in a setting where the
27 applicant will primarily serve medically or dentally underserved
28 populations.
- 29 (b) The office shall ensure that priority consideration be given
30 to applicants who are best suited to meet the cultural and linguistic
31 needs and demands of medically and dentally underserved
32 populations and who meet one or more of the following criteria:
- 33 (1) Speak a Medi-Cal threshold language.
34 (2) Come from an economically disadvantaged background.
35 (3) Have received significant training in cultural and
36 linguistically appropriate service delivery.
37 (4) Have done a medical rotation serving medically
38 underserved populations or provided dental services to members
39 of a dentally underserved population.



1 (c) A person participating in the program pursuant to this
2 section shall not receive more than one warrant.

3 (d) The office shall adopt rules and regulations regarding the
4 reallocation of warrants if a participating institution is unable to
5 utilize its allocated warrants or is unable to distribute them within
6 a reasonable time period.

7 SEC. 86. Section 128445 of the Health and Safety Code is
8 amended to read:

9 128445. In developing this program, the Health Professions
10 Education Foundation shall solicit the advice of the
11 representatives of the Board of Registered Nursing, the ~~Student~~
12 ~~Aid~~ *California Postsecondary Education* Commission, the
13 California Nurses Association, the California Association of
14 Health Facilities, the California Association of Homes for the
15 Aging, the Chancellor of the California State University, the
16 President of the University of California, and other entities as may
17 be appropriate.

18 SEC. 87. Section 4709 of the Labor Code is amended to read:

19 4709. (a) Notwithstanding any other provisions of law, a
20 dependent of a peace officer, as defined in Section 830.1, 830.2,
21 830.3, 830.31, 830.32, 830.33, 830.34, 830.35, 830.36, 830.37,
22 830.38, 830.39, 830.4, 830.5, or 830.6 of the Penal Code, who is
23 killed in the performance of duty or who dies or is totally disabled
24 as a result of an accident or an injury caused by external violence
25 or physical force, incurred in the performance of duty, when the
26 death, accident, or injury is compensable under this division or
27 Division 4.5 (commencing with Section 6100) shall be entitled to
28 a scholarship at any institution described in subdivision (l) of
29 Section ~~69535~~ 69432.7 of the Education Code. The scholarship
30 shall be in an amount equal to the amount provided a student who
31 has been awarded a Cal Grant scholarship as specified in ~~Article~~
32 ~~3~~ *Chapter 1.7* (commencing with Section ~~69530~~) of ~~Chapter 2~~
33 ~~69430~~) of Part 42 of the Education Code.

34 (b) A dependent of an officer or employee of the Department
35 of Corrections or the Department of the Youth Authority described
36 in Section 20017.77 of the Government Code who is killed in the
37 performance of duty, or who dies or is totally disabled as a result
38 of an accident or an injury incurred in the performance of duty,
39 when the death, accident, or injury is caused by the direct action
40 of an inmate, and is compensable under this division or Division

1 4.5 (commencing with Section 6100), shall also be entitled to a
2 scholarship specified in this section.

3 (c) Notwithstanding any other provisions of law, a dependent
4 of a firefighter employed by a county, city, city and county, district,
5 or other political subdivision of the state, who is killed in the
6 performance of duty or who dies or is totally disabled as a result
7 of an accident or injury incurred in the performance of duty, when
8 the death, accident, or injury is compensable under this division or
9 Division 4.5 (commencing with Section 6100), shall also be
10 entitled to a scholarship specified in this section.

11 (d) Nothing in this section shall be interpreted to allow the
12 admittance of the dependent into a college or university unless the
13 dependent is otherwise qualified to gain admittance to the college
14 or university.

15 (e) The scholarship provided for by this section shall be paid
16 out of funds annually appropriated in the Budget Act to the ~~Student~~
17 ~~Aid California Postsecondary Education Commission~~
18 ~~established by Article 2 (commencing with Section 69510) of~~
19 ~~Chapter 2 of Part 42 of the Education Code.~~

20 (f) The receipt of a scholarship provided for by this section
21 shall not preclude a dependent from receiving a Cal Grant award
22 pursuant to ~~Article 3 Chapter 1.7~~ (commencing with Section
23 ~~69530) of Chapter 2 69430~~) of Part 42 of the Education Code, any
24 other grant, or any fee waivers that may be provided by an
25 institution of higher education. The receipt of a Cal Grant award
26 pursuant to ~~Article 3 Chapter 1.7~~ (commencing with Section
27 ~~69530) of Chapter 2 69430~~) of Part 42 of the Education Code, any
28 other grant, or any fee waivers that may be provided by an
29 institution of higher education shall not preclude a dependent from
30 receiving a scholarship provided for by this section.

31 (g) The amendments made to this section during the 1995
32 portion of the 1995–96 Regular Session shall apply to a student
33 receiving a scholarship on the effective date of the amendments
34 unless that application would result in the student receiving a
35 scholarship on less favorable terms or in a lesser amount, in which
36 case the student shall continue to receive the scholarship on the
37 same terms and conditions in effect prior to the effective date of
38 the amendments.

(h) As used in this section, “dependent” means the children (natural or adopted) or spouse, at the time of the death or injury, of the peace officer, law enforcement officer, or firefighter.

(i) Eligibility for a scholarship under this section shall be limited to a person who demonstrates financial need as determined by the ~~Student Aid~~ *California Postsecondary Education* Commission pursuant to Article 1.5 (commencing with Section 69503) of Chapter 2 of Part 42 of the Education Code. For purposes of determining financial need, the proceeds of death benefits received by the dependent, including, but not limited to, a continuation of income received from the Public Employees’ Retirement System, the proceeds from the federal Public Safety Officers’ Benefits Act, life insurance policies, proceeds from Sections 4702 and 4703.5, any private scholarship where receipt is predicated upon the recipient being the survivor of a deceased public safety officer, the scholarship awarded pursuant to Section 68120 of the Education Code, and any interest received from these benefits, shall not be considered.

SEC. 88. Section 4728 of the Labor Code is amended to read:

4728. (a) A dependent of an elected public official, who was intentionally killed while holding office, in retaliation for, or to prevent the performance of, an official duty, shall be entitled to a scholarship at any institution described in subdivision ~~(k)~~ *(l)* of Section ~~69535~~ 69432.7 of the Education Code. The scholarship shall be in an amount equal to the amount provided a student who has been awarded a Cal Grant scholarship as specified in ~~Article 3 Chapter 1.7~~ (commencing with Section 69530) ~~of Chapter 2~~ 69430) of Part 42 of the Education Code. Eligibility for a scholarship under this section shall be limited to a person who demonstrates financial need as determined by the ~~Student Aid~~ *California Postsecondary Education* Commission pursuant to Article 1.5 (commencing with Section 69503) of Chapter 2 of Part 42 of the Education Code.

(b) The scholarship provided for by this section shall be paid out of funds annually appropriated in the Budget Act to the ~~Student Aid~~ *California Postsecondary Education* Commission established by ~~Article 2~~ (commencing with Section 69510) ~~of Chapter 2 of Part 42 of the Education Code~~.

(c) The receipt of a scholarship provided for by this section shall not preclude a dependent from receiving a Cal Grant award

1 pursuant to ~~Article 3 Chapter 1.7~~ (commencing with Section
2 ~~69530~~) of ~~Chapter 2 69430~~) of Part 42 of the Education Code, any
3 other grant, or any fee waivers that may be provided by an
4 institution of higher education. The receipt of a Cal Grant award
5 pursuant to ~~Article 3 Chapter 1.7~~ (commencing with Section
6 ~~69530~~) of ~~Chapter 2 69430~~) of Part 42 of the Education Code, any
7 other grant, or any fee waivers that may be provided by an
8 institution of higher education shall not preclude a dependent from
9 receiving a scholarship provided for by this section.

10 (d) This section shall apply to a student receiving a scholarship
11 on the effective date of the section unless that application would
12 result in the student receiving a scholarship on less favorable terms
13 or in a lesser amount, in which case the student shall continue to
14 receive the scholarship on the same terms and conditions in effect
15 prior to the effective date of this section.

16 (e) As used in this section, “dependent” means the children
17 (natural or adopted) or spouse, at the time of the death or injury,
18 of the elected public official.

19 SEC. 89. Section 10340 of the Public Contract Code is
20 amended to read:

21 10340. (a) Except as provided by subdivision (b), state
22 agencies shall secure at least three competitive bids or proposals
23 for each contract.

24 (b) Three competitive bids or proposals are not required in any
25 of the following cases:

26 (1) In cases of emergency where a contract is necessary for the
27 immediate preservation of the public health, welfare, or safety, or
28 protection of state property.

29 (2) When the agency awarding the contract has advertised the
30 contract in the California State Contracts Register and has solicited
31 all potential contractors known to the agency, but has received less
32 than three bids or proposals.

33 (3) The contract is with another state agency, a local
34 governmental entity, an auxiliary organization of the California
35 State University, an auxiliary organization of a California
36 community college, a foundation organized to support the Board
37 of Governors of the California Community Colleges, or an
38 auxiliary organization of the ~~Student Aid~~ *California*
39 *Postsecondary Education* Commission established pursuant to
40 Section 69522 of the Education Code. These contracts, however,

1 may not be used to circumvent the competitive bidding
2 requirements of this article.

3 (4) The contract meets the conditions prescribed by the
4 department pursuant to subdivision (a) of Section 10348.

5 (5) The contract has been awarded without advertising and
6 calling for bids pursuant to Section 19404 of the Welfare and
7 Institutions Code.

8 (6) Contracts entered into pursuant to Section 14838.5 of the
9 Government Code.

10 (7) Contracts for the development, maintenance,
11 administration, or use of licensing or proficiency testing
12 examinations.

13 (c) Any agency which has received less than three bids or
14 proposals on a contract shall document, in a manner prescribed by
15 the department, the names and addresses of the firms or individuals
16 it solicited for bids or proposals.

17 SEC. 90. Section 19533 of the Revenue and Taxation Code is
18 amended to read:

19 19533. In the event the debtor has more than one debt being
20 collected by the Franchise Tax Board and the amount collected by
21 the Franchise Tax Board is insufficient to satisfy the total amount
22 owing, the amount collected shall be applied in the following
23 priority:

24 (a) Payment of any delinquencies transferred for collection
25 under Article 5 (commencing with Section 19270) of Chapter 5.

26 (b) Payment of any taxes, additions to tax, penalties, interest,
27 fees, or other amounts due and payable under Part 7.5
28 (commencing with Section 13201), Part 10 (commencing with
29 Section 17001), Part 11 (commencing with Section 23001), or this
30 part.

31 (c) Payment of delinquent wages collected pursuant to the
32 Labor Code.

33 (d) Payment of delinquencies collected under Section 10878.

34 (e) Payment of any amounts due that are referred for collection
35 under Article 5.5 (commencing with Section 19280) of Chapter 5.

36 (f) Payment of any amounts that are referred for collection
37 pursuant to Section 62.9 of the Labor Code.

38 (g) Payment of delinquent penalties collected for the
39 Department of Industrial Relations pursuant to the Labor Code.

(h) Payment of delinquent fees collected for the Department of Industrial Relations pursuant to the Labor Code.

~~(i) Payment of delinquencies referred by the Student Aid Commission pursuant to Section 16583.5 of the Government Code.~~

~~(j)~~ Notwithstanding the payment priority established by this section, voluntary payments made by a taxpayer designated by the taxpayer as payment for a personal income tax liability, shall not be applied pursuant to this priority, but shall instead be applied solely to the personal income tax liability for which the voluntary payment was made.

SEC. 91. Section 19557 of the Revenue and Taxation Code is amended to read:

19557. (a) Notwithstanding any other provision of law, the California ~~Student Aid~~ *Postsecondary Education* Commission may annually inform the Franchise Tax Board of the names and social security numbers of the following persons who have, as part of the Student Aid Application for California, signed an authorization in a form and manner mutually agreeable to the Franchise Tax Board and the California ~~Student Aid~~ *Postsecondary Education* Commission for the release by the Franchise Tax Board of tax information to the California ~~Student Aid~~ *Postsecondary Education* Commission:

(1) All applicants for, or recipients of, student financial aid.

(2) Parents of dependent applicants for, or recipients of, student financial aid.

(3) Spouses of applicants for, or recipients of, student financial aid.

(b) The California ~~Student Aid~~ *Postsecondary Education* Commission shall submit the names and social security numbers as authorized in subdivision (a) in the form and manner prescribed by the Franchise Tax Board.

(c) Upon receipt of this information, the Franchise Tax Board may provide the California ~~Student Aid~~ *Postsecondary Education* Commission, from state tax returns of individuals described in subdivision (a), their California adjusted gross income and the California income adjustments as are necessary to calculate their federal adjusted gross income, or any other information from their state tax return, that can be provided by the Franchise Tax Board through its automated process, that the California ~~Student Aid~~

1 *Postsecondary Education* Commission needs to administer the
2 program for which the authorization was given.

3 (d) All versions of the Student Aid Application for California
4 shall include the authorization described in subdivision (a). The
5 Franchise Tax Board may from time to time audit these
6 authorizations. All processors of the Student Aid Application for
7 California shall provide the Franchise Tax Board with access to
8 any records necessary for completing these audits. The Franchise
9 Tax Board shall report all audit findings to the California ~~Student~~
10 ~~Aid~~ *Postsecondary Education* Commission.

11 (e) Any unwarranted disclosure or use of the tax information
12 described in subdivision (c) by the California ~~Student Aid~~
13 *Postsecondary Education* Commission, or its employees and
14 officers thereof, is a misdemeanor as provided in Section 19552.

15 SEC. 92. Section 5024 of the Vehicle Code is amended to
16 read:

17 5024. (a) Any person described in Section 5101 may also
18 apply for a set of commemorative collegiate reflectorized license
19 plates, and the department shall issue those special license plates
20 in lieu of the regular license plates. The collegiate reflectorized
21 plates shall be of a distinctive design, and shall be available in a
22 special series of letters or numbers, or both, as determined by the
23 department. The collegiate reflectorized plates shall also contain
24 the name of the participating institution as well as the reflectorized
25 logotype, motto, symbol, or other distinctive design, as approved
26 by the department, representing the participating university or
27 college selected by the applicant.

28 (b) Any public or private postsecondary educational institution
29 in the state, which is accredited or has been accepted as a
30 recognized candidate for accreditation by the Western Association
31 of Schools and Colleges, may indicate to the department its
32 decision to be included in the commemorative collegiate license
33 plate program and submit its distinctive design for the logotype,
34 motto, symbol, or other design. However, no public or private
35 postsecondary educational institution may be included in the
36 program until not less than 5,000 applications are received for
37 license plates containing that institution's logotype, motto,
38 symbol, or other design. Each participating institution shall collect
39 and hold applications for collegiate license plates until it has
40 received at least 5,000 applications. Once the institution has

1 received at least 5,000 applications, it shall submit the
2 applications, along with the necessary fees, to the department.
3 Upon receiving the first application, the institution shall have one
4 calendar year to receive the remaining required applications. If,
5 after that one calendar year, 5,000 applications have not been
6 received, the institution shall refund to all applicants any fees or
7 deposits which have been collected.

8 (c) In addition to the regular fees for an original registration, a
9 renewal of registration, or a transfer of registration, the following
10 commemorative collegiate license plate fees shall be paid:

11 (1) Fifty dollars (\$50) for the initial issuance of the plates.
12 These plates shall be permanent and shall not be required to be
13 replaced.

14 (2) Forty dollars (\$40) for each renewal of registration which
15 includes the continued display of the plates.

16 (3) Fifteen dollars (\$15) for transfer of the plates to another
17 vehicle.

18 (4) Thirty-five dollars (\$35) for replacement plates, if the
19 plates become damaged or unserviceable.

20 (d) When payment of renewal fees is not required as specified
21 in Section 4000, or when the person determines to retain the
22 commemorative collegiate license plates upon sale, trade, or other
23 release of the vehicle upon which the plates have been displayed,
24 the person shall notify the department and the person may retain
25 the plates.

26 (e) Of the revenue derived from the additional special fees
27 provided in this section, less costs incurred by the department
28 pursuant to this section, one-half shall be deposited in the
29 California Collegiate License Plate Fund, which is hereby created,
30 and one-half shall be deposited in the Resources License Plate
31 Fund, which is hereby created.

32 (f) The money in the California Collegiate License Plate Fund
33 is, notwithstanding Section 13340 of the Government Code,
34 continuously appropriated to the Controller for allocation as
35 follows:

36 (1) To the governing body of participating public institutions
37 in the proportion that funds are collected on behalf of each, to be
38 used for need-based scholarships, distributed according to federal
39 student aid guidelines.



1 (2) With respect to funds collected on behalf of accredited
2 nonprofit, private, and independent colleges and universities in the
3 state, to the California ~~Student Aid~~ *Postsecondary Education*
4 Commission for grants to students at those institutions, in the
5 proportion that funds are collected on behalf of each institution,
6 who demonstrate eligibility and need in accordance with the Cal
7 Grant Program pursuant to ~~Article 3 Chapter 1.7~~ (commencing
8 with Section ~~69530~~ of Chapter 2 ~~69430~~) of Part 42 of the
9 Education Code, but who did not receive an award based on a
10 listing prepared by the California ~~Student Aid~~ *Postsecondary*
11 *Education* Commission.

12 (g) The scholarships and grants shall be awarded without
13 regard to race, religion, creed, sex, or age.

14 (h) The money in the Resources License Plate Fund is
15 available, upon appropriation, for the purposes of natural
16 resources preservation, enhancement, and restoration.

17 (i) All revenues deposited in, and expenditures from, the
18 California Collegiate License Plate Fund shall be audited by the
19 Auditor General on December 1, 1993, and December 1, 1995.

20 SEC. 93. Section 6 of this act shall become operative on July
21 1, 2004.

